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## **Soviet Union**

***Economic Affairs***

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# Soviet Union

## Economic Affairs

JPRS-UEA-90-020

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14 JUNE 1990

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### 'Optimist' Describes Benefits of Market Conditions

904A0392A Moscow LITERATURNAYA GAZETA  
in Russian No 22, 30 May 90 p 10

[Article by L. Piyasheva, candidate of economic sciences: "How We Will Live Under Market Conditions: A Forecast by an Optimist"]

[Text] Anatoliy Strelyanny, instructing me in journalist ethics, announced during the first lesson: "Polemics are the business of critics and readers. Your job is to write." And so the article "Rich Cakes," criticized so much in our press, did not get a proper response.

Unlike previous critics, however, A. Levikov, disagreeing with my article "Zigzags of Social Equilibrium" (LITERATURNAYA GAZETA, No.13, 1990), concluded his comments with three very professional questions related to the substance of the reform. Let me answer them.

The first question was: Do I have proof that specialists are wrong predicting price hikes of 8-to-12 times if the reform were implemented immediately? Yes, I do. It is the Danilovskiy market, which has acquired the reputation of the most expensive place in Moscow. Meat costs R12 per kilo there. It is only 6 times higher than the state price and 3 times more than at cooperatives. If all meat prices were freed, meat would cost R4-R5 per kilo, I think, but would appear in every store of every rayon.

Butter would also cost R5 per kilo, farmers' cheese R3-to-R4, and eggs no more than R1.50 for a package of ten. Milk would come straight from the cow, without chemical additives, and would be available at all milk stores at all times of day, costing about 50 kopeks for half a liter. Prices of potatoes and carrots would certainly be no higher than they are now at the market, but higher than 10 kopeks per kilo, of course. I think they would be somewhere around 30 or 40 kopeks, which is quite affordable.

What would a woman's raincoat cost, or a pair of shoes? At most, no more than cooperatives now charge, which is only about double the retail price. What about crystal? It would cost the same as now, as would rugs and television sets. They would be back on the shelves and the printing press would be stopped; why should their prices rise?

How did our specialists come up with a figure of 12 times? Lavash sold on street corners costs only 50 kopeks. Why should a loaf of bread sold at the state store rise in price 12 times?

Stuffed furniture now fetches 2-to-3 times its nominal price, as do passenger cars. So, the real price increase, according to my calculations, would be 100 percent (if the government also stopped fooling around with the

printing press), which means that prices would rise by a factor of 2, not 12. But the cost of labor—i.e., our wages—would rise and by a factor greater than 2. So, a doubling of prices would not threaten the working man with starvation.

I assume that prices, once freed, will spike sharply upward at first, but then almost immediately hit the ceiling of affordability and modestly come down to earth from their euphoric heights, adapting to tastes, choices, wallet size and spending habits.

Naturally, the price structure will change considerably. I cannot yet tell you how much a plot of land suitable for construction will cost in the center of Moscow, but I am certain it will be many times higher than a plot of a similar size somewhere in a swamp outside the city. Prices for tractors and other useless equipment will fall. Meanwhile, merchants and entrepreneurs will make sure to flood the market with mini-tractors and not, I bet, at "commercial auction" monopoly prices but at very affordable, democratic prices of the open and free market.

Since the goal of the reform is not to let the prices loose but to free the entrepreneurial spirit and initiative of the people from administrative restraints, I hope that the choice of goods will soon broaden. The very next harvest will be gathered and preserved in full, since no master would let his crops rot in the rains or blow away in the wind. The availability will increase, too, since every kilo would mean a tangible profit. And who would refuse rubles if they could be used to buy construction materials or livestock?

Now about social protection. We must protect the unemployed (the number of jobs will at first shrink drastically in the course of the reform), the infirm, the weak, the disabled, the large families, the invalids and the retirees. As well as those who live on fixed incomes. Protection must be competent, determined and wise. All fixed incomes should be indexed to rising prices. This will reduce somewhat the government appetite for printing more money. Unemployment benefits will have to be paid for 3 years, not 3 months—for the duration of perestroika, which I anticipate will require that long. In the first year they should amount to 80 percent of wages, in the second to 60 percent and in the third to 40 percent, for example, with the mandatory attendance of the retraining school. Three years is, of course, an extreme case, for those who for some personal reason will find it very hard to adapt to new conditions. The majority will, in the course of one year, either learn a new skill or move to another area where there is demand for labor and higher wages. (I would suspend all internal passport regulations and the residency permit system with a simple and short decree consisting of just one word: "Abolished.")

Guaranteed assistance, plus free retraining courses, plus guaranteed moving costs reimbursement will form the "social security umbrella."

Where to find funds for it, given our budget deficit? Do not believe politicians claiming that our pockets are empty. As soon as we stop playing Pinocchio in the Land of Fools, burying gold coins in the ground, we will find enough money both to start a normal business and to feed the beggars and the infirm. All those subsidies now going to cover losses in industry and agriculture could be turned into social capital. It would be given to those who wanted to go back to the land and engage in farming. They would get livestock, seeds and money to build, in the form of a non-repayable grant. Some would fail (in business, there is always an element of risk involved), while others would build up their farms and start selling meat to cities. Some of what we give out as grants will be lost, but the rest will fully compensate us for the loss.

What will happen to our useless kolkhozes? Some will dissolve on their own accord, and the land and livestock will be divided among the families. (It will be a voluntary individualization, as opposed to the forced collectivization of the past.) Others will stay in the collective farm, but without the supreme Boss. They will till their soil independently and sell their corn at the market, getting free prices for it, computing their profits independently and, if they want to, buying livestock at the same free market. And if they have no wish to engage in meat production, there would be plenty of others in cities and towns willing to return to the land and start their country life anew. But only if it were guaranteed that the land, the house, the livestock and the crops belong to the individual. The individual, if he wished, could give it all away, sell it, or, if he made enough money for it, buy up all the land in the district and become the owner of a large farm. He could hire seasonal workers to cut grass or to harvest crops, or even a regiment of soldiers, if need be. In other words, he could do as business required.

Subsidies to loss-making enterprises are only part of our budget going to support business and provide social security for the poor and the needy. Another part will come from military expenditures. There are boundless resources here. Imagine how many strong, healthy and skillful men would join the workforce if military bases were turned into civilian towns! How much money would be saved if just for 3 years of perestroika we were to freeze the construction of all military sites, plants and proving grounds and carry out conversion not the way we are doing it now—when some civilian enterprises are transferred for re-education to the military complex and gobbled up by it—but on the contrary, by privatizing a portion of the military complex and passing it into private hands for civilian use—maybe then we would stop buying sunflower oil in sunny Cyprus. Butter for guns. This is an old slogan, but it is still relevant. That money will not only be enough to pay for income indexation, unemployment benefits and retraining courses, but some will be left over to mark the May Day, too.

And finally the last component of our budget, the social one. We know the size of our “free-of-charge” social

consumption fund, to which our contribution from salaries rises at a rate outstripping the growth of the salaries themselves. The problem is that the richer the person, the more free his vacation trips, the more public his hospitals and the more pleasant the smiles that the doctors and nurses bestow on him. But let us imagine the following picture: let the poor get the right to free services, and not the rich. Then, our poor would start living according to capitalist laws of social justice: the needy would be the only ones entitled to free social services. Together with the invalids, the single mothers, the infirm and the poor. Let the rich, on the other hand, take their cruises or spend their vacations on the moon, if they so wish.

Will this be sufficient to protect all those who will be hurt by perestroika? Or too little? Then, we could save even more by not paying for raykoms, obkoms, gorkoms, party press and party academies, such as the VKSh [Superior Komsomol School] and the VPSH [Superior Party School]. These are the social layers and groups that need no protection, since they are already protected by tall fences and police guards. It will not save us very much money, though, but cause great ruckus and shouting. So we should think about it before plunging into this project. It may be cheaper to pay them off: let them live behind their fences, as long as they do not meddle.

Now the second question, about our economy. It will be impossible to set it totally in the immediate future. But the market will introduce some order in the 3 years that the reform will grant it. This entails 3 planting seasons and 3 harvests, and if the locust does not devour them and the bright sun does not scorch them, God willing and the party apparatus not objecting, we will feast in 3 short years, recalling our recent past as a bad dream when no one had either joy or peace.

In those 3 years, farms will be built and established. Houses will be raised and roads paved. Normal supply routes will be established among rural producers, commercial intermediaries, wholesalers and urban and rural stores. Rural residents will stop going to Moscow to shop for sausage and pasta. They will get tractors and silk fabric delivered to their own stores from cities. Hot-houses will grow like mushrooms. No one will be bulldozing them any longer. And if some local resident, getting drunk, burns a farm for the sake of “universal equality and social class justice,” he should be immediately carted off to jail, on charges of raising his hand against the sacred right to own property. This would scare off others. Empty store shelves will quickly be filled with salad greens and cucumbers. Yet, for now, we will have strawberries only in season. I doubt we will be getting some from California any time soon.

By the way, it will be impossible to shift to the free market without a convertible currency. Yet, the shift to the market is in essence a shift to free prices and the convertible ruble. I allot 3 years for it. If it will be possible to shift to the gold ruble, as Petrakov advises, we

should do as Petrakov says. Or as Belkin suggests. Or else, we could use my model, that of deflationary policy combined with free prices. This is the question of choice.

First, we must privatize the entire service sector and consumer trade. All unfinished construction projects should be auctioned off. Now, they have been left to the mercy of rains and other elements. Frozen, so to say. All those unfinished projects must be sold off. To anyone who wants them. It would be better to use auctions, selling them to the highest bidder. And if no one wants to buy a particular site, then it should be simply disposed of, as at an end-of-season sale when warehouses are cleared out. This way they would be used in one form or another. Someone would pick up a project like that for nothing, finish it and make a good use of it. In America, there are some millionaires, and even multimillionaires, who made their fortunes in this business, while also enriching their country.

Once all unfinished projects and service sector enterprises are sold, proceeds should be put into bags, the bags should be tied with a ribbon and put away in a trunk, or frozen. Until better times, when the monetary system is whipped into shape and the quantity of money equals the supply of goods and the latter, consumer money demand. Initially, however, the currency printed so freely in the past 3 years should be taken out of circulation; a strict deflationary policy should be implemented and government expenditures slashed wherever possible. We must live decently but economically, within our means.

Along with these exotic measures we should think of stock ownership. We should issue stock both at large and small factories. Industry as a whole must be privatized, except maybe for transport and communications—i.e., the infrastructure—energy and military production.

How will we distribute the shares? We will sell them, give them away, force them upon every citizen from retirees to small children, or distribute investment certificates—this is the question of choice, as they say. The principal goal will be to transfer ownership starting as early as this summer. So that we have time to set everything straight and make it rational in 3 years. We could do so in the following way: everyone would get his own investment share amounting to R7,000 to R10,000. Let them purchase stock with that money. Some people will lose their entire fund and go bankrupt. Others will be lucky and gain. Like in the children's game Monopoly. Everyone will get an equal shot at becoming an investor and a proprietor. After that, market laws will come into play. Let three families pool their resources and buy a farm the size of a kolkhoz and start a private farm. Another person could buy a printing press and start publishing books on economic liberalism: F. Hayek or M. Friedman, or Paul Samuelson's textbook, for instance.

As to inability to get Western credits, I think that as soon as they hear about this reform and come and see it for themselves, making sure that it is true, they will bring

those coveted credits to us on a silver platter. They will even take along their experts and give us advice whenever something is unclear. The West will help us—if it believes us, of course. But it will not help the abstract state; it will help the actual peasant from Arkhangelsk or Kostroma, for example. It is an attractive proposition for them: our market is huge, empty and greedy for all sorts of consumer goods.

As to the existing pent-up demand equaling R165 billion, it is a relative figure. Once there are more goods available and it is possible to buy and sell houses, land, motor vehicles and livestock, no trace will remain of that unsatisfied demand.

The fact that our products are not competitive and our technology backward is serious but not fatal. Other countries live with a technical and technological lag compared to the U.S. and Japan. And we will survive, too. The only thing we need is an impetus for development and faith in the future. Enough catching up and overtaking others along various decrepid and rutted roads. Not everyone can be an exemplary worker and get unearned prizes for productivity and valor. We must live by our means, not affluently perhaps but at least decently and honorably. Today there are no black-and-white television sets in stores, those that date from the remote past, to say nothing of color sets. But there will be, in 3 years. They will not match Japanese ones in quality, but they will not explode, either. So, I think I have answered this question optimistically, too.

And finally, the third question, the most troubling one: "What would happen in the political arena if a free market were announced starting tomorrow?" Should we hold a referendum, or is someone going to guarantee us that the people will be quiescent? In short, should we expect bread riots or not?

But why bread riots? There will be bread riots if there is no reform soon and no shift to the market, if land is not distributed and if prices are not freed. All reserves for extensive growth have indeed been exhausted. We have nowhere to expect miracles from any longer.

Do we need a referendum to carry out our reform? When factories were seized, land confiscated, people herded into concentration camps and livestock gathered into huge herds, there were no referendums. At that time, no one even knew the meaning of that word. When Khrushchev confiscated chickens and geese and taxed apple trees so high that peasants cut them down for firewood, there were no referendums either. Cows and peasant women suffered, but there were no referendums. Why did they think of referendums when I proposed to give everything back to the people?

We may need to ensure support and consensus, but on a case by case basis, locally and separately for each nationality and republic. We should discuss the form which restitution will take and how everything will be shared and paid for. Baltic residents demand market freedoms without any referendums. In Uzbekistan, they will sort

things out for themselves. In short, I see no political, economic or social impediment to reform, except for the reluctance on the part of the authorities to give up power.

### Advantages Seen in Formation, Development of Concerns

904A0345A Kiev *KOMMUNIST UKRAINY* in Russian  
No 4, Apr 90 pp 43-52

[Article by Ye.P. Karasiychuk under the rubric "Pere-stroika—Theory, Experience, Problems—Economics": "The Soviet Concern"]

[Text]

### Voluntary Association or Ministry With a New Face?

Two intersector state associations (MGO)—Energomash and Tekhnokhim—were created a year and a half ago in Leningrad. This event, as it were not so striking against a background of profound political changes, has become a sensation nonetheless and has caused a chain reaction in the birth of qualitatively new business formations. The passions surrounding it, rather than abating, are building up even more.

Here are two letters from the editor's mail. The author of one of them, engineer I.I. Demyanenko from Zaporozhye, shares his apprehensions on the score of the "new wave of collectivization in industry that is rising in the country," and writes that "the so-called concerns that are now coming into fashion are the fruit of capitalism caused by the corresponding industrial relations," and that the mindless copying of them is a concealed agitation against revolutionary conquests. The fact that the "Leningrad monopolists wouldn't mind adding our plants as well" (having in mind, it must be assumed, the enterprises of power machine building) is also grounds for this negative attitude toward concerns.

Another viewpoint is expressed by an economist from the Rovno Azot Production Association, labor veteran B.N. Tikhomirov. He sees in the new forms of industrial organization and management a means of realizing the Leninist requirements for the collectivization of production in deed, and feels that the capitalists have taken more that is socialist from Marxism than the communists and that we can learn from them today. "Any forms of production organization do not contradict our order as long as they meet the interests of the people," the letter's author writes. "It is obvious that the leading capitalist countries have not shot ahead through the application of progressive technologies alone. The efficient utilization of advanced technology became possible thanks to the scientific organization of the forms of social production and actual improvements in industrial relations via the involvement of broad segments of the population in economic ties. There is no doubt today that the most important principles and civilized forms of the organization of social production and economic relations employed in many countries coincide with the collectivist ideas of socialism."

It turns out, as we see, that it is more than a matter of the fashion of the term "concern," but rather considerably deeper than that. Don't we have in our memory, reader, plenty of examples of production experience that were propagated by all possible means, comprehensively substantiated but still did not take? And our time of restructuring is no exception. And we have now come to be witnesses to truly surprising changes that have occurred, in particular, with experience of a managerial nature—one of the most complex varieties of it: not technology according to set recipes, but the realm of human relations and social interests. Take just the joint-stock form of ownership that was born two or three years ago as an example. Today it has taken on mass form without any particular propaganda efforts and is becoming a universal norm. The reason? It meets the principles of fundamental business reform and moves it forward.

Other examples of the taking of the seeds of the new experience of restructuring in the soil of business activity testify to this as well. Consider the MGO concerns from this position. The results of their activity are still modest, and they are not expressed in the numbers for economic efficiency; this will be possible, perhaps, only in two or three years. A series of limitations have been posed in the government's decision relating to the organization of the first MGOs and their development, including the fact that a local experiment was permitted. We will see what obtains, whether the new organizational form will justify itself. It has been in the stage of emergence for a year and a half now. "Quite a few applications have piled up at the Council of Ministers from collectives that intend to create concerns. They have not been realized to a certain extent due to the contradictions of the agencies," acknowledged the deputy chairman of the USSR Council of Ministers, I.S. Silayev (see *IZVESTIYA*, 23 Oct 89).

And here are several recent items. The central press has been reporting the confrontation of the metallurgists from Norilsk with the agencies. The sector ministry is especially hindering the creation of an independent state concern. The labor-collective councils of three northern combines have triumphed, and the Norilsk Nickel concern was created in December of last year. Another peaceful route, so to speak, for the growth of a new form of organization of matters in structuring business management had also appeared: concerns are being created in conjunction with ministries that are being disbanded by government decision, as in the case of USSR *Minstroyaterialov* [Ministry of Building Materials]. Some of the enterprises that were formerly subordinate to it have been moved to USSR *Gosstroy* [State Committee for Construction], while others have been transferred to the republics. Seven concerns operating under economic accountability have appeared in the sector for the production of the basic types of building materials.

There are still not enough grounds to say whether this is good or bad. Some economists feel, however, that this type of activity is nothing more than shuffling things around, "apparatus games." USSR Academy of Sciences Corresponding Member P.G. Bunich, speaking at the

Congress of People's Deputies, complained that the first Soviet concerns are essentially no different than the ministerial structures. The MGO concerns, in the opinion of a department head at the Scientific-Research Institute of Economics at USSR Gosplan, T.I. Koryagina, are not new economic forms at all, but rather mini-ministries, "a dance of old ideas with a new face." Apprehensions are being expressed that the Soviet concerns, when there are many of them—and the forecast for the next few years is three or four hundred—will become monopolists in their sectors and foist bureaucratic "rules of the game" onto society once more, will not give life to small enterprises and will impede the development of local initiative and economic self-management.

This sort of opinions has one common feature—they rely not so much on the new experience, which has not yet been worked through, as on old or past experience or the difficulties of forming the MGO concerns. The process of creating them, developing spontaneously and impulsively for the most part, is still being interpreted. The USSR Council of Ministers Bureau on Machine Building summarized the experience of the machine builders at its away session at the capital's Kvant scientific-production association. It makes it possible, in the opinion of the specialists, to come to at least two conclusions: a uniform stereotype should not be devised in the creation of the MGO concerns, and the forms of the associations may differ as long as they do not contradict the basic provisions of the State Enterprise Law; the first concerns were created "under the personality" of eminent and recognized leaders in the country, such as the chairmen of the boards of the Leningrad Elektrosila PO [Production Association], B.I. Fomin, and the Moscow Kvantemp, Yu.I. Skokov, but the system for managing the Soviet concern should be developed further.

So on the one hand we have the desire of many collectives to organize MGO concerns and acquire independence outside their agencies, and on the other the doubts of the theoreticians and the opposition of the ministries.

#### **A Little Something From the "Drama of Administrative Ideas"**

The general director of the Leningrad Energoprojekt Association, V.G. Pershin, has called the fight to incarnate the idea of organizing Soviet concerns as the "drama of administrative ideas." These words describe quite accurately the history of domestic associations in industry. They were first made larger, then broken up repeatedly, first there were more of them, then there were considerably fewer again. Many re-organizations were carried out comparatively recently by order from above. Each time, the authors of the new reformist ideas promised the labor collectives and society qualitative improvements in economics, an acceleration of the rate of technical progress at enterprises, the saturation of the domestic market, the output of products at the world level and other benefits. The prophecies, alas, did not come true for the most part, and the ideas and their

agents look abnormal—although they would like to seem as young as before—in the mirror of the state of our economy today.

The first act of the latest action in the "drama of administrative ideas" concluded with the created of the two aforementioned Leningrad MGOs and the Moscow Kvantemp. We will become acquainted with the initiators of their creation and hear their arguments. The V.G. Pershin mentioned above added that "according to the logic of the state, we are trailblazers, while according to the logic of the ministries, we are renegades. I feel this constantly. And later they will shove a stick in the spokes, which will turn much more slowly than they could, but that, I think, will only slow the movement for a while..."

Here I would like to share certain observations. The Leningrad machine builders that I was able to speak with are acquainted with the nuances of what is new for improving the organization of production appearing in the Ukraine as well. They not only seized immediately upon the idea of joint-stock companies, created in our republic for the first time, but they also laid them at the foundation, so to speak, of the MGO concerns. It would seem that the reader would not be uninterested in finding out about another idea of the organizers of the concern—to include the majority of the country's enterprises associated with the creation of power units, including those in Kharkov and Zaporozhye, in it. But they have not implemented that idea—there would be, as the Leningraders say, too many "sticks in the spokes." The executives of the MGO concern, in other words, would have had to somehow "subscribe" to the developing economic independence and coordinate many issues with local bodies, have an intermediate oblast link in the management system.

The latter circumstance was the principal reason for changes in the initial scheme for creating the Energomash concern. An oblast technological principle was adopted in place of the "boiler—turbine—generator—pipeline" one. This complicated the problem of deliveries and cooperation, but it got rid of many others that had been considered more troublesome. A new administrative idea, as we see—the discussion does not concern whether it is good or bad in and of itself, we assume that it is wonderful—is transformed at the very beginning, when we had to choose the lesser of two evils. And is it the lesser? The initiators of creating the concerns have no answer for that question. Life will show, they feel, what will come, not ruling out a return to the initial design. Yes, the Soviet concerns will be different, asserts the deputy executive director of the Energomash MGO, Ye.M. Zhikh. They cannot be put into a uniform scheme. But isn't that why we often end up with poor results, he reflects, when we proceed to them using roundabout ways, now ceding to agency dictate, now to the lack of comprehension on the part of local bodies? That is a question worth pondering.

There are other principles that were adopted by the initiators of the creation of the MGO concerns aside from the oblast principle. The specialists adhered to various points of view on the missions of these formations, their place in the structure of the national economy and their ability to resolve major technical, economic and social tasks. The group of issues is associated with the specific nature of production activity and the concrete conditions by which today's decisions by the MGO boards and their executive organs are largely predetermined. These are material but nonetheless partial questions. The decisive principle among the system-forming ones is, perhaps, the business independence of the Soviet concern, the extent of its independence from higher bodies, as well as the associations, enterprises and organizations in the MGO from it.

The chief passions of the "drama of administrative ideas" have flared up in this realm of relations. Independence in decision-making, economic accountability, self-financing or the dictate of higher bodies—here are two differing approaches. The path to the first was laid down by the decisions of the All-Union Party Conference, in which it was noted that the ministries in their contemporary form are a serious impediment on the path of the implementation of business reform, that the new mechanism is slipping, especially due to the fact that the decrees of a restructuring nature are not being fulfilled properly in the central agencies. The local soviets and labor collectives have been ordered by the decisions of the party conference and the Congress of People's Deputies to take economic power into their hands more boldly and free themselves of agency and other dictate. This has been by the collectives of 32 Leningrad associations, enterprises and planning-and-design organizations that have become part of MGO concerns. USSR Mintyazhmash [Ministry of Heavy, Power and Transport Machine Building], for example, has lost the leaders of sector machine building—Elektrosila, Izhorsk Plant, the Leningrad Metallurgical and Neva plants, and others with a total number of workers of about 100,000. Some 50,000 people are working today in the structural subdivisions of the Tekhnokhim MGO, which has left the wardship of four ministries. This has, it must be thought, laid the foundation for a transition to real economic accountability, the determining factor and chief link of which is none other than the business independence of the enterprise.

Interruptions in material and technical supply and other production difficulties have created the impression among many that but for them, the conversion to economic accountability would have had the desired consequences. Officials at the administrative division of the Academy of the National Economy of the USSR Council of Ministers have polled their audience, the executives of associations and enterprises. An absolute majority answered the question of what was keeping them most of all from working well as the dictate of superior state and party bodies. The poor quality of raw and other materials, disruptions in deliveries and the like were cited as being important but attendant factors.

Here are some of the conclusions of the department's experts. Sector management has its own economic roots. The enterprise, the basic link of the national economy, cannot fulfill a number of important functions itself that relate, in particular, to determining the development strategy of scientific and technical progress, the selection of the optimal ties for production cooperation and some others, the majority of which have been taken on by the ministries. They exist for the enterprises and are by nature the expressors of their interests, the executors of the will of the labor collectives. The development of the bureaucratic system, however, has turned matters upside down, and the enterprises have become tools of agency manipulation. The formation of Soviet concerns, in the opinion of the department experts, makes it possible to make the relations among them and the management bodies normal and primal, to close all ties to the ultimate product.

Such, in principle, is the position of the leaders of Leningrad Energomash. The specialists with whom I was able to speak feel that the chief generator of the idea of the Soviet concern (initiators have also proposed calling it a new type of association; they have been named MGOs in government resolutions, while the term concern has taken hold in the press and then in official documents) was B.I. Fomin. He, a highly respected leader, general director of the Elektrosila PO and candidate of technical sciences, "punched through" the idea of the concern and is realizing it as chairman of the board of the Energomash MGO. The answers to the questions I asked Boris Ivanovich are of a certain interest in this regard:

"How do you explain the fact that all 16 parts of Energomash comprised an association, while preserving full business independence therein? Is that the intent or is it a tactical move?"

"The strategic intent. The times are different, the history of the deprivation of the rights of enterprises will not be repeated."

"Boris Ivanovich, carrying your idea along, are you acquainted with the experience of the activity of domestic trusts and concerns from the 1930s?"

"If only matters had moved forward the way they were starting then! Alas, we largely have to start at the beginning."

This detail is also typical. It followed from the discussions with some officials of the association and the party committee that the idea of the MGO concern arose "simultaneously among many," but it had not been theoretically substantiated. The deputy general director for economic issues of the Elektrosila Association, V.A. Murinas, and the senior engineer of the department for the scientific organization of labor at the association, L.P. Pludovskiy, imparted a certain clarity to it. It turned out that the engineers and economists of the enterprises did an enormous amount of research work and studied the domestic and foreign experience of

concerns in preparing the draft proposals for the government and documents of an internal nature. Many of the specialists remember many of the re-formations endured by the associations, and especially the Leningrad ones.

What are the lessons?

"Fragmentation in relation to the product being manufactured is at the foundation of the administrative-command system of management," said B.I. Fomin. "The new mechanism, primarily an economically accountable one, is of a democratic nature and proceeds first and foremost from the interests of the producers of the products and their business independence and self-management."

A sort of federation of equals among producers was created, delegating some of their obligations, rights and concerns to the board of the concern and its executive bodies, entirely accountable to the board and the labor collectives. This mechanism, it is felt here, is a guarantee of the democratic nature of the management system being created within the framework of the concern. The command system, however, for certain reasons reformed only partly, continues to demand that everything in enterprise activity be scheduled, without a hitch. Whence the continuing rain of orders, circulars and instructions. Note this statistic. Earlier the enterprises or associations that have joined the MGO were linked to the higher levels of authority by thousands of paper threads that undermined the initiative of the executors. Their number was reduced to a thousand a year later, but the bureaucracy continued to subordinate live labor to paper direction. Today there are about twenty basic reporting papers left—an obvious indicator of enterprise independence. The line "your superior organization"—the holy of holies for a bureaucratic system—has even disappeared from the forms for the first time.

The issue of the subordination of the MGO concern is a pivotal one in the struggle of administrative ideas. What remains of the state without subordination to a higher level, they say, who will implement a unified technical policy?

"The state needs our good machinery and money more than anything. We will report to soviet power and our own board," insisted the initiators.

And what if the infamous collective egotism predominates at Elektrosila, and in the chase for profits they begin mindlessly producing scarce vacuum cleaners instead of generators for nuclear-power units, the prestige of which has plummeted?

This kind of apprehension, as the experience of recent years shows, is not groundless in principle. But only at first glance, especially if we have in mind the output of enterprises in group A. Enterprises are obliged to take the interests of society into account under all conditions by the state order. They receive those from USSR

Gosplan or the State Committee on Science and Technology, not from the ministries or any other intermediate level of authority. The state order, the specialists feel, will gradually be reduced, but will scarcely fall below 60-80 percent. And even a third or a fourth of the freedom of commodity producers is a great benefit for the collectives and society. The foundation of a socialist market is created along with it. The example of the production of vacuum cleaners—which have today become a synonym for domestic hard currency for Elektrosila, in the words of Deputy General Director for Economics V.A. Murinas—is instructive in this regard. The collective receives a great deal by contract from other enterprises—from fuels and metals to machine tools with numerical control and computers—in exchange for vacuum cleaners produced above and beyond the plan (the state order for them is a hundred percent).

The question of subordination has been resolved in favor of the MGO concerns. There is a separate line in the national-economic plans for them and their supply. The transitional period, however, has proven to be very painful. The territorial administration for material and technical supply has refused to work in harness with the concerns or to shoulder the functions that were performed by the ministry apparatus before. "Now that you're so brave, solve your own problems yourselves," is the stance of some of the other higher authorities. The executives of the Leningrad concerns have gone back on their word on many things of late. B.I. Fomin has admitted that in the first months, when they were intoxicated with freedom, as it were, many ties were hastily broken, and now they have to be arranged anew, but on a new and economically accountable basis.

The concept of the Soviet concern as its initiators conceived of it has not undergone any material changes overall. The concept, they feel, is founded on Leninist ideas, partly realized in the NEP period. The experience of the business independence of Soviet trusts, syndicates and concerns that operated up to the 1930s has been taken into account. The Leningrad associations that have joined Energomash appeared in the 1960s after the "first swallow of Sovnarkhoz"—Lvov Progress. They have far from revealed all of their capabilities, since the collectives of small enterprises that were part of it later experienced dual dictate—on the part of the agencies and their lead enterprises, which deprived them of part of their earlier equal partners in independence, and the local budgets and the deductions from profits, depriving the market of diversity in commodities. Many of these forced marriages of enterprises have been destroyed today. A large collective has thus broken off from the Elektrosila Association and set up its own production. This process, the executives on the MGO board feel, will grow stronger to the extent of the reinforcement of economically accountable relations. Will the concentration of production proceed on the new basis? We must assume so. The first Soviet concerns are, evidently, one form of its incarnation.



### Economic Accountability is Stronger Than Partnership

Just what is a concern, so to speak, in Leningrad form? It is a group of independent enterprises or associations, planning-and-design and other organizations that have cooperated their efforts on the basis of democratic interagency management in accordance with the requirements of economic accountability, self-management and self-financing for the resolution of major national-economic problems and the economic, social and consumer tasks of the individual collectives. The administrative structure of the MGO concerns performs an integral role—promoting concentration, further specialization and renewal of productive capacity, and aiding in the maneuvering of financial and labor resources. A joint-stock bank has been created and intermediary services formed for this purpose.

Work is underway at full bore today to realize plans for joint ventures with a number of foreign firms, especially for production from local raw materials and the by-products of enhanced-demand consumer products. They will be at the world level in quality, and lower in price, especially for the sale of some of them in the world market. The executives of Energomash see this as one source for the accumulation of hard currency. Major rest camps and specialized treatment facilities equipped with imported equipment and supported by specially trained personnel, models in every regard for institutions of this type in general, are being created in the same manner, attracting the manpower and funding of foreign firms. A portion of the spots will be allocated to the foreign firms as payment for their creation. The rest will be for their own workers or for others by fee. The executive directors of Energomash are negotiating for the organization of a network of industrial-products stores, trade in which will be conducted in enhanced-demand goods of imported manufacture for Soviet money. The workers of the concerns will receive preferential rights to purchase them. A home-building combine with a capacity of a quarter of a million square meters of housing a year is being created on a share joint-stock basis. Improved-type apartments will be offered to the members of the labor collectives of the concerns, and first and foremost those who make an especially large contribution to production and have enriched it with their own ideas—that is, have shared their labor among others. Some of these apartments will go for sale or rent to foreign organizations for hard currency.

The concentration of monetary resources is underway at full bore. If there are not enough of them for the realization of major projects at the enterprises of one concern, as in the case of the creation of the home-building combine, then a combination of both Energomash and Tekhnokhim is in effect. Priority directions for the expenditure of major sums have appeared today—for the needs of production and for the social development of collectives. In the face of all the importance of the latter, especial attention is being devoted to technical policy as the foundation of all activity. Here are some considerations on that score.

Energomash has become a monopoly in the country in the production of power equipment of a certain class. The Leningraders feel there is nothing bad in that—to have two or three firms for the production of identical machinery for electric-power plants is a luxury that other countries do not permit themselves, and we must compete with foreign concerns. Now Energomash is making every effort to enter an international consortium (a temporary association of firms) for the creation of three major electric-power plants in Greece. The MGO, with the help of intermediary firms, is gaining access for its products to the world market and individual enterprises in it. And here in their own country they are the competitor of others producing the analogous products. This, of course, will be a new incentive in the fight to raise the technical level both at the enterprises subordinate to the ministries and at those that have entered the concern. The sector and interagency approaches to production management are actually entering into competition. V.I. Lenin called for such an approach. The end results will show which is better and will help other collectives to make the optimal decisions.

A few examples from the practices of the concerns.

Energomash provides for an annual increase of tens of millions of rubles in the output of equipment. It is very complex and expensive and requires a high level of precision in the machining of parts and assembly of units, and deliveries through cooperation are especially sensitive to quality. And there are several "natural" disasters herein at once: the Chernobyl accident has led to a review of the state program for AES [nuclear power plant] construction, and the demand for some machinery has fallen; the just-concluded cooperative ties have been broken off for a number of reasons, while their own former ministry has refused to help; and, dozens of highly skilled workers have left for cooperatives. They have been able to alter the structure of production by a third in this difficult situation nonetheless and to reinforce the economics of many enterprises. Some have been helped by Soviet money from a general fund, others using foreign currency (that had been deducted for the ministry fund before), and still others by specialists. "Not once did we borrow money for wages," says Elektrosila Association Deputy General Director V.A. Murinas. But will there be a concern? "I fear that many collectives will be unable to control the difficulties. And it is obvious that they would have to get a loan at the State Bank." It is good, as we see, when economically accountable relations are supplemented by genuine partnership ones, while the funds earned by the collectives are used sensibly, according to the will of the collective, and not the ministry.

And here is an example from the critical situation in a like manner. The Tekhnokhim concern is a distinctive engineering firm, and it resolves scientific and technical problems in comprehensive fashion, from idea to the conversion of developments based on it into production. The collectives thus use the funds that were transferred to the funds of their own ministries before to resolve the



tasks that determine success. The Fosforit plant recently landed in a difficult situation—demand for its products had fallen off sharply. They lost 15 million rubles of profit over the last year. After a scientific and engineering study of the problem that was performed at the expense of the concern's centralized fund, the board decided to retrofit the plant for the output of especially pure chemicals. This was done by specialists from an institute that was part of the concern over a short period of time without coordination with any higher authority whatsoever; they created the materials, necessary equipment and the new type of production themselves and are already selling the product. There is the way to solve the old problem of reducing the "from and to" cycle over which the agencies have wracked their brains for decades.

A third example, taken from the experience of the Moscow Kvantemp concern. They made large initial expenditures here in order to ensure the market competitiveness of their product in the world market and its suitable profitability. Calculations showed that the concern will function fine if it receives six rubles of return for each ruble invested in design-engineering work, and has ten rubles from cost reductions at the stage of experimental and industrial-engineering developments. Analysis led to the conclusion that it was advantageous not to augment production volumes, but rather to strive for resource conservation with the aid of new technologies. They thus reached the world level of technologies, product quality, high profitability and profits by orienting themselves toward the task they faced in advance.

These examples, in many ways similar, are important from the position of strengthening what is generally acknowledged as the weakest link in our economic reform—scientific and technical growth. Other executives sometimes complain that "The labor collective has now become fixed on getting profits by any means, including price increases, and everything here..." The roots of this logic, as we see, are of a narrow parochial nature. It would be worthwhile for the collectives to get out from under the sector yoke, a state approach to matters has appeared at them. And the reason is simple—it coincides with their interests.

Today the concerns and the enterprises that make them up are realizing far from all of their capabilities and rights for a number of reasons. They will later determine independently the procedure for wage payments for the routine results of operations without regard for the prevailing systems of official salaries and wage-rate scales, establish a guaranteed minimum wage for all categories of workers without restricting its maximum, develop and approve all types of provisions on bonus payments in coordination with the labor collectives and much more. Only elements of objective incentives and the organization of labor without looking over the shoulder at the agency are being introduced as yet, but even they are heartening. Elektrosila has been able to halt the outflow of the best machine-tool operators to the

cooperatives. The Lentekhgaz Association, which has not received a single kopeck from the ministry for development over three five-year plans and had fallen into debt, has moved into the concern, converted to leasing and is already profitable. The people who have gotten rid of the agency wardship are "suddenly" beginning to act in complete accordance with the socialist principle "work better—live better" that is inherent in the economic reform. We like to see in this a general law that is conditioned by the democratic nature of management at the concern.

How can the interests of the 16 collectives of the hundred-thousand-strong Energomash be provided for and coordinated?

Perhaps the main thing here is the democratic nature of the functional structure of the MGO concern itself. It is largely reminiscent of our state. The supreme legislative body, a kind of Supreme Soviet, is the assembly of founders. It resolves issues of the acceptance of new members into the association or, at their request (submitted a year in advance), to leave it, approve fundamental documents and resolve strategic tasks. In other words, having created a union of equal enterprises, only the assembly of founders can decide what it will be and how to live. All 16 enterprises of Energomash have delegated 5 representatives apiece to it—the primary executives, secretaries of party and Komsomol organizations, chairmen of the trade-union committees and the councils of the labor collectives.

The board of the concern (a kind of Council of Ministers) is its guiding body. Whereas the founders assemble no fewer than two times a year, the board members—executives of all the enterprises and organizations of the association/federation and the director of the executive direction—meet monthly. This body is allotted the functions of the councils of directors that exist in the sector and other associations. Substantial corrections, however, have been introduced. The board resolves this or that issue with the hundred-percent consent of all of its members; it not so much manages the activity of the concern, as the leaders of Tekhnokhim elaborate, as it guides them. This means that the board forms the operational bodies—councils of specialists on the principal technical, economic and financial areas, creative groups (from among the engineers, scientists, economists, legal scholars and supply workers) authorized by the members of the board. It thoroughly studies issues and offers concrete suggestions.

The board chairman is elected. His term is determined, it is felt at Tekhnokhim, by the duration of the production cycle, which lasts about five years for the chemical workers, and a year and a half to two years for the power-machinery builders. Practice will show whether this technological approach will justify itself or whether another will prevail. The executive directors are a new administrative link, as yet characteristic only of concerns. This is an apparatus called upon to integrate the

interests of all the founders, find the optimal solutions for many specific issues and regulate the relations of the concern with state organizations and its partners in its own country and abroad. They thus feel at Energomash that it should include only administrators of the highest qualifications. The official salary of the executive director of Energomash, A.A. Pyasotskiy, is 650 rubles, and high deputies receive 600 rubles. One of them, Ye.M. Zhikh, an engineer with 25 years of service, was in the recent past the deputy general director of the Leningrad Metallurgical Plant. He has been in a couple of dozen countries, is well acquainted with the work of foreign concerns, consortia and associations of enterprises, and has completed the higher commercial school in Moscow and a school for engineers in West Germany. Soviet concerns, when there are many of them, in the opinion of Yevgeniy Mikhaylovich, will be able to alter fundamentally the state of affairs in the most important areas of scientific, technical, social and economic development. They will create a territorial infrastructure and diverse types of intermediary services and production, many of which will later be spun off into flourishing independent firms. The weak ones that cannot withstand competition will cease their business, while the strong ones will develop it. In other words, the process of natural economic development typical of many countries will begin.

These reflections are based partly on new, Leningrad experience, and not just on foreign experience. The first association of state enterprises was formed quite soon after my discussion with Ye.M. Zhikh in the city on the Neva (see TRUD, 6 Jan 1990, "What Can the Association Do?").

The scope of the article does not provide an opportunity to relate the activity of the executive directors of the Energomash MGO (its address is 6 Gogol Street, Leningrad). Especially as an intermediary, rendering foreign-economic services to any enterprise in the country on a contract basis. The foundations of management bodies of a new type are being laid down that are being called upon to organize a distinctive breakthrough in all spheres of the business activity of enterprises. Such are the tasks that have been posed for the sector and other associations. Will they be resolved by the Soviet concerns? Time will tell whether the collectives are right in striving for independence outside the agencies.

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### Ministries' Interference in Realization of Reforms Cited

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[Article by Yu.V. Aleksandrov: "The Task of Guaranteeing the Economic Independence of the Enterprise and Economic Practice"]

[Text] The article attempts to reveal the reasons why there have been no perceptible improvements in the country's socioeconomic situation in spite of the course that has been adopted toward comprehensive perestroika in the economic, political, and other areas. The author observes that they are above all the gap between the decisions taken about restructuring economic activity and the actual practice of economic activity and the inhibitive influence which certain actions by a number of ministries and departments have on the course of the economic reform. Certain practical recommendations are given for overcoming the adverse instances and tendencies.

Creation of a self-adjusting economy capable of reacting sensitively to the satisfaction of the needs of society in the present stage is an extremely complicated task and one that is possible only on the basis of real practical steps. It is worth noting that it is only now that we are undertaking to carry out radical changes in economic relations in actuality, not just in rhetoric. It is in this stage of perestroika that the contradiction is clearly outlined between the possibility for radical changes in a socialist economy and the opposition of conservative structures. Moreover, we cannot but note the ever widening gap between the process of perestroika, which promises so much, and the absence of any perceptible improvements whatsoever in the country's socioeconomic situation. Why is this? Why are we left with little more than declarativeness from our truly revolutionary changes and innovations outlined in legislative acts and projects?

We will take specific examples to examine how the laws which have the greatest fundamental importance to our economy have been applied in practice. This pertains above all to the Law on the State Enterprise (Association), the Bases of Legislation of the USSR and the Union Republics on Leasing, and the draft of the USSR Law on Property.

In accordance with the tasks of the radical economic reform, the first to be adopted was the Law on the State Enterprise (Association), which laid the foundation for transformations of the entire economic mechanism and served as their point of departure. Work collectives of enterprises acquired the following rights on the basis of the independent choice of an economic model: to plan their own activity and report on a smaller number of indicators; to augment incentive funds as a function of the growth of the end results of work, to decide questions of expenditure of those funds at their own discretion; to shape the management structure and staff independently; to introduce diverse systems for remuneration of labor and to determine the size of bonuses and bonus procedure for personnel of enterprises and associations based on the principal results of economic activity, to use a portion of the resources of the material incentive fund to stimulate long-term and prompt deliveries and accelerated performance of jobs related to retooling their trade partners—plants which they supply or which supply them, and so on.

The virtue of the new economic conditions is that they help to discover the unsolved problems, tendencies hampering the emergence of socialist enterprise both on the part of ministries and also on the part of enterprise collectives, and they dictate an effort to put an order in the entire system of mutual economic relations, both horizontal and vertical.

The process of perestroika is gaining momentum in all directions. But still the state of affairs both in the country's economy as a whole and also at many enterprises is far from those requirements which are imposed today by the tasks of accelerating socioeconomic development. A number of adverse phenomena are explained by external causes, and another group by internal causes. The external causes are the continuing overregulation of enterprise activity, the restriction of their rights, the absence of any real opportunity to order the resources necessary for development of production and to increase the output of progressive products, and difficulties in establishing direct ties with scientific organizations, construction organizations, and other organizations whose activity is frequently crucial to the operating results of the production collective.

It should be emphasized that independence and economic freedom are determined not only by the forms assumed by socialist public ownership, but also by the system of economic relations. In and of themselves, the forms taken by ownership, even those which are most up-to-date, do not afford freedom, but objectively require it. Full cost accounting (*khozyaystvennyy raschet*), the collective contract, and cooperative relations, leasing relations, and joint stock relations—they all require independence. And that is why independence can be spoken of as the environment of their realization and development. The report of the party's Central Committee to the 27th CPSU Congress noted that "it would be naive to suppose that the sense of being the owner can be inculcated with words. The attitude toward property is shaped above all by those real conditions in which a man is placed, by the opportunities he has to influence the organization of production and the distribution and use of the results of work. Thus, the problem consists of a further deepening of socialist self-management in the economy" [1].

As a matter of fact, enterprises now have the opportunity to earn resources for scientific-technical and social development. They have a guarantee that they will obtain those funds as a function of the end results of their work. But at present they have no guarantee that these funds will have the necessary counterpart in resources. The standard rates for creation of the funds exist, but not the materials and equipment to cover them. That accounts for the difficulties with the limit-allowance of contract work, with the orders for progressive equipment that is in short supply, for necessary building materials. The main obstacle on the road toward expanding economic independence has arisen in this connection—the problem of how to combine independence with material and technical supply of the

enterprise under present conditions, when there is no wholesale market for machines and equipment. Nor is there the coordination there should be among enterprises in building capacities and organizing the production of new types of materials and components. In most cases, this coordination also depends on external organizations—Gosplan, ministries, supply agencies, and other entities at the upper level.

Up to now, the gross indicators of production, whose adverse consequences have been sufficiently written about in scientific papers and journalistic articles, have had a large influence on the operation of state enterprises. Because of their application in the context of centralized supply and distribution, the economy is still oriented toward higher costs rather than toward reduction of production cost.

It also needs to be taken into account that in the present economic mechanism the possibility of raising prices of a product will bring enterprises tenfold (!) more accumulation and economic incentive funds than reduction of the costs of producing it. P. Bunich has rightly noted that evaluation of enterprise performance according to how things stand on the 1st of every month is an atavism [2]. Economic independence provides the motivation and objectively presupposes obtaining the highest possible indicators whenever this is economically advantageous, allowing for the possibility of a temporary dip after each spurt. There is no doubt that qualitative indicators reflect the efficiency of resource utilization, the scale of product renewal, and the rise of labor productivity based on the advances of science and technology ought to occupy the leading place in plans. On this question, central economic departments and ministries also have the dominant role.

The degree of enterprise independence, the guarantees of that independence, and its legal reinforcement—that is what most disturbs work collectives today. There are numerous examples from their everyday life to confirm this. For example, the Council of Kaunas Enterprise Directors drew the conclusion that the Law on the State Enterprise merely declared independence, while in actual practice independence was immediately taken away. The law does not provide for operating in a new way, since the counteraction of the old mechanism is too vigorous [3]. The fight to establish economic methods of economic activity will continue, all the more fiercely as time passes. Its outcome will depend largely on whether every enterprise work collective is actually guaranteed economic independence.

Surveys of the heads of enterprises and associations show that about one-third of them could do without ministries altogether. But this would require an agreement on the transfer of productive capital to the use of the work collective for an indefinite period and a real system of wholesale trade. Intensive forms of interaction are capable of severing the roots of monopoly: associations (*assotsiatsii*), consortiums, and concerns made up of enterprises. Many enterprise directors say that there

have been no major changes in the activity of the ministries [4]. The problems enumerated above pertaining to the conclusion of contracts with ministries were covered both in the draft version of the USSR Law on Property and also in the Bases of Legislation of the USSR and the Union Republics on Leasing. Practical experience will show how things develop with their application. Meanwhile, we will make an attempt to analyze what is being done in practice to guarantee the expansion of economic independence of state enterprises operating according to the second model of cost accounting and under the conditions of leasing, which from the standpoint of legislation in effect are considered the most independent forms of the organization of production.

The work collective of the Saratov Electrical Equipment Plant was one of the places studied. Since 1983, the enterprise has taken part in the conduct of a broad-scale economic experiment to improve the economic mechanism, and since 1988 it has operated according to the second model of cost accounting. By comparison with 1985, as of 1 January 1989 the volume of output had risen 143.2 percent, and the rise of labor productivity over that period was 133.7 percent. During the entire current FYP, the enterprise's collective, working at a steady pace, has achieved 100-percent fulfillment of the plan for deliveries under contract. All of this has made it possible to substantially raise the average annual monthly wage in the plant as a whole from 228 rubles in 1985 to 266 in 1989. Independence in distribution of cost-accounting income has also made it possible to increase the share of funds earmarked for reconstruction and retooling. An economic benefit of more than 1 million rubles was achieved over the period from 1985 to 1988 thanks to application of measures for scientific-technical progress. Working conditions are improving. The share of workers employed at manual labor has dropped from 37 percent in 1985 to 26.2 percent in 1988 [percentages reversed in original], and there was a corresponding increase in the output per worker from 4,466 to 7,325 rubles, i.e., more than 1.5-fold. An analysis of the economic condition of the enterprise allows us to draw the conclusion that the plant's collective has correctly determined the motives and basis for making the transition to the new economic conditions. The survey showed that the workers and specialists (representing 50 percent of the total) felt that wages can rise, the level of the material situation can increase, and social problems can be solved only on the basis of efficient production activity and a vigorous stance in the system of economic interrelations. The work of the work collective under the new conditions determined the need for improvement and for introduction of internal cost accounting. In 1989, the collective adopted a decision to convert all the plant's subdivisions to full cost accounting and self-financing. The transition to the second model of cost accounting has made it possible to change relations with the bank for the better while at the same time reducing the amount of paperwork. Now, direct material costs are recorded in a single account, not in five as before. There

has been less intervention from the ministry and main administration. The enterprise has been granted independence in compiling its portfolio of orders and in establishing direct economic ties.

But many other factors in intensive growth still have not fully manifested themselves. A trend toward stabilization of the output-capital ratio has only been contemplated at the plant. Materials intensiveness and energy intensiveness of output remain at practically the same high level as before. Sizable above-allowance inventories of resources indicate deficiencies in the system of material and technical supply.

The rights of work collectives have been substantially broadened under the Law on the Enterprise. But present economic conditions do not guarantee their implementation. For example, under the law the work collective must compile its own production plan on the basis of economic contracts concluded. In practice, the ministry has so far been assigning it the growth rates of commodity output on the basis of the level achieved previously. In every year and every FYP, the enterprise must increase the volume of output in rubles over the previous period and taking into account the growth rates projected. A modification of ministry dictate has emerged—administrative-command discrimination. This is what it amounts to: The USSR Ministry of the Electrical Equipment Industry, in order to bring about a situation conducive for the operation of a similar enterprise in this sector located in the capital, relieves it of the plan for production of an unprofitable product and transfers it to the periphery. All of this is served up to the work collective of the Saratov plant as an assignment for putting new equipment into production whose prototype...dates back to the sixties. The plant is not given any technical documentation, nor are many other organizational questions dealt with. It remains only to add that this action to form the production plan for 1989 was carried out no earlier than January-February 1989. What is the result? The answer is obvious: For a lengthy time, the plant will not be able to guarantee fulfillment of the plan either for production of the product in question or fulfillment of contractual obligations in the specified assortment. The losses of the work collective—not of the ministry—will amount to about 200,000 rubles. But the "improved" activity of this ministry does not end there. The number of indicators assigned to enterprises has been substantially reduced under the new economic conditions, to 5-10. However, the ministry is continuing its persistent search for work "on its behalf." For example, it has increased the number of indicators on which the enterprise must report to 500!

In the opinion of the plant's economists, bookkeepers, and other specialists concerned with preparing and processing statistical materials, there has to be a sharp reduction in state reporting. This would make it possible to reduce by substantial numbers the size of the administrative apparatus not only at the enterprise, but also in organizations at the upper level. The collective of the enterprise has drafted and prepared proposals for radical

restructuring of the plant's staff economic services. Documented proposals have been expounded for unifying all the staff economic services—the financial and economic planning departments, the bookkeeping department, the labor and wages department, the economic record-keeping department in supply and sales subdivisions, and so on—into a single mobile economic recordkeeping center, since there is no longer a need for planning, accounting, bookkeeping, and auditing that is detached from production. This will make it possible to reduce to between one-half and one-third the size of the administrative apparatus without hurting the quality of the work itself, to simplify the present cumbersome system of all types of reporting, and at the same time to use computers to make reporting more reliable and up-to-date. That is, precisely those attributes of information which are indispensable to the flexible functioning of production and to making effective and sound management decisions. The collective of the enterprise is also proposing that this kind of reorganization be carried out in the ministry as well. But the ministry is not responding to such proposals. In our view, independence in shaping the work collective, along with possible structural transformations of the management staff, must be the prerogative of the collective of the state enterprise itself and should be safeguarded to the full extent of its rights by the ministry.

The trend toward adoption of leasing relations has gained momentum over the last 2 years. By October 1989, according to figures of Goskomstat, 1,099 enterprises in industry, 655 in construction, 931 in retail trade, and 826 in the food service industry were already operating under a leasing arrangement [5]. The experience of their operation has made it possible to make considerable progress in scientific-theoretical substantiation of aspects of optimum leasing terms, the method of computing the lease payment, the possibility for the leased property to pass to the ownership of the lessee, and so on. All of this has been reflected in the Bases of Legislation on Leasing. At the same time, ministries and departments have shown a distinct desire to oppose this process, since leasing relations make it possible for enterprises to get out from under administrative-command control and thereby create a threat for reduction and elimination of the large number of bureaucratic offices. There are many examples in which the dictate continues to be operative under the guise of leasing. These economic innovations have one purpose—to rap the lessee on the knuckles, to turn out his pockets, so that neither he nor others try to be the boss again, and so that the heads of departments and bureaucrats will once again be fully empowered distributors of the public property. "Ceilings" on the wages of lessees are being established almost everywhere, there are cases when they are being compelled to introduce all the generally accepted forms of state statistical reporting [6-8].

And the heads of industrial enterprises which have converted to leasing state flatly: "We have practically no leasing. Just as we have practically no self-financing

anywhere.... It is not leasing that has been introduced in the Sumy NPO imeni M.V. Frunze, but only elements of leasing relations" [9].

There are, of course, other external circumstances as well that have had an adverse effect on the results of enterprise performance. But there are also essential reasons of an internal nature for the adverse development of the economy. At many enterprises, clear organizational structures have so far not been developed, nor has efficient interaction been arranged among the different subdivisions. Prospects for development and reconstruction of the material and technical base of the enterprise have not been thought through in a comprehensive way involving all its components—scientific research, experimental and pilot operation, principal and auxiliary shops, warehouse management, and transportation and energy connections. Scientific-technical problems and economic problems are solved separately from one another. Assignments to carry out some projects are not adjusted to assignments to carry out others. Information about present-day advances of science and technology and the progressive know-how of other enterprises has not been properly set up. There is only talk about the rights of the work collective and about developing self-management at many enterprises, but they are not being established in practice.

For instance, sociological surveys conducted by the Social Sciences Academy of the CPSU Central Committee show that in spite of the deepening democratization of the management of production, the increased vitality of the political life of society, very few workers consider themselves to be real participants in that process. Only 1 out of every 10 noted a practical benefit from assemblies in the collective, only 3 percent said that their proposals and critical remarks were being entirely carried out; only 8 percent of ordinary workers remarked that workers' councils were doing much, others declared unambiguously that they were doing nothing and led a formal existence. On the whole, we observe a decline in the practical involvement of the workers in management of the affairs of enterprises. Whereas in 1988, one out of every four workers noted that more attention was being paid in the production workplace to the opinion of members of collectives, in 1989 only one out of every six said so. At the same time, this fact remains steady: in all stages of the survey, only 16-18 percent of the managers felt it was necessary to involve ordinary workers in management of production. A minority of those surveyed took an affirmative position concerning such an important form of deepening democracy and self-management as election of economic managers. Most of them feel that it is not at present yielding the desired benefit.

The practice manifested in "preparation in the office" of enterprises for work under the new conditions has outlived itself and become a barrier to improvement of the economic mechanism. It is precisely where the workers and workers' council have remained apart from the conduct of the reform, where everything has been

decided in private, from above, that we also observe the most serious blunders, that many unforeseen difficulties have arisen, and this has been reflected in people's social behavior, in their attitude toward the reform, and ultimately in production results as well. It was revealed in the process of the survey that the efficiency of an enterprise's production activity depends directly on the level of development of self-management (see the table).

**Influence of the Level of Self-Management at the Enterprise on the Efficiency of Its Production Activity (Data From a Survey); the figures represent percentages of the number of respondents**

	Share of Collectives With High Performance Indicators in Each Group		
	Level of Self-Management		
Direction of Effort	Low	Average	High
Achievement of a rise of labor productivity	15.8	37.7	69.7
Achievement of product quality	8.8	24.7	65.5
Strengthening the economy regime	8.8	24.0	58.8

But the conclusion can be drawn that the changes made in the system of enterprise management have so far not brought progressive shifts. Rather the new forms of worker self-management have mainly been filled with the content of the previous administrative control of the activity of work collectives.

The relations in distribution and the specific forms that they take have great importance in shaping the feeling of being boss. A study of these processes shows that under the influence of assimilation of economic methods of economic activity there is a complicated process going on of reorganization and improvement of the forms and methods of material incentives. An analysis of the judgments of the respondents shows that workers believe and understand that wages must be earned. And they hope that the new economic conditions will guarantee its validity. The first results of the survey indicate that the measures to rescue distributive relations at first affected a majority of the workers and had a perceptible influence toward reducing dependent and parasitic attitudes.

But under the pressure of the economic mechanism and the organization of production and work, which have undergone little fundamental change, these measures are losing their progressive influence, and leveling is developing once again. Research has shown that not only personal material motivation, but also collective material motivation continues to be distorted. In both 1986 and 1989, almost half of the ordinary workers and supervisory personnel felt that improvement of the production performance of their enterprise did not produce practical results with respect to improving the working

conditions of the workers, nor their everyday life and rest and recreation. Just as before, cases are noted when social justice is violated in the payment of bonuses and the distribution of housing, travel vouchers, and so on. They were pointed out by between 40 and 60 percent of ordinary workers and supervisory personnel.

The economic reform, the process of democratization of social life, have awakened people. Nevertheless, the social energy is still being extinguished by attempts to fill the new forms and methods of management with the old content, with the ineffectiveness of measures to carry out decisions that have been made. An overall indicator of the situation that has come about in leadership and management can be found in the responses of enterprise managers and specialists to the question: "At your enterprise, does economic performance, the organizational effort, and ideological training meet the requirements of the economic reform?" The affirmative answers were distributed as follows (the figures are percentages of the total number of respondents):

Type of Activity	1986	1989
Economic	40	8
Organizational	40	8
Ideological training	34	5

Others have pointed to the halfway nature of the relevant measures or have in general brushed aside the idea that the effort being made is filled with a content appropriate to the tasks confronted. First, the assessments have become more critical; second, the share of those who have a negative attitude of the quality of the effort being made in 1989 exceeded by 3-5-fold the share of those who answered in the affirmative. In the opinion of the workers, the gap between words and deeds has not only not narrowed, it has even widened. Eight out of every ten ordinary workers and supervisory personnel have noted that gap in the activity of the administration. The same defect is inherent in party and trade union committees.

One significant reason for the existence of these serious deficiencies in the activity of enterprises is the style of leadership at them. Certain managers, professing an authoritarian or a liberal style, in some cases try to solve all the production problems and social problems themselves, although it is obvious that under present conditions of economic activity it is practically impossible to do this competently and efficiently, while in other cases they do not gain a thorough understanding of the content of the real situation of the enterprise, do not analyze thoroughly the content of the problems that arise, and they make a poor effort to improve their knowledge of economics. As a consequence, it was found during the sociological survey that managers in the economy have a low level of authority. These figures give evidence of this. Only 22 percent of ordinary workers consider the managers of their enterprises, shops, sections, and foremen to be competent specialists, 20 percent consider them skillful organizers of production, and 13 percent

consider them good instructors. This is in line with the opinion of the managers themselves: 84 percent of them believe that they do not have the knowledge to solve the problems they face in carrying out the economic reform. They feel particularly keenly gaps in their knowledge of production economics.

It also turned out in the survey of managers and specialists that only 16 percent have taken part in a practical way in restructuring the mechanism for management of the economy in their subdivisions, while 49 percent have mainly been waiting for instructions from above.

Thus, the economic mechanism, built on an absence of economic motivation of workers and work collectives to raise production efficiency, diminishes their responsibility for the results of production, provides them a guaranteed wage regardless of whether the needs of society are met, and has created and is still preserving conditions under which an alienated subjective attitude of the workers toward work, production, distribution, and management of the affairs of work collectives was formed and is still being formed. The ineffectiveness of measures to instill the sense of being the boss of socialist public property is indicated by figures on the responses of the workers to the question: "Can it be said that the members of your collective feel themselves to be the bosses of production?" (percentage of the number surveyed):

	1986	1989
Yes, most of them	33	10
Bosses and wasteful people in equal numbers	11	10
Few real bosses	39	62
I find it hard to answer	17	16

Leasing is now becoming the most effective lever for establishing a concerned attitude toward production. Workers who have made the transition to leasing differ favorably from the other respondents in all the most important indicators of the attitude toward public property, management of production, and their attitude toward work. Among them, there is a 2-3-fold higher share of those who are striving to strengthen discipline, who are taking part in making production more efficient, who are working as hard as they can, and so on. Comparison of the system for remuneration of workers in the ordinary subdivisions of the enterprise and workers organized into leasing collectives, contract collectives, and cost-accounting collectives provides convincing evidence that among the latter there are considerably more people satisfied with their earnings. And this in turn indicates that internal cost accounting, transferring to the workers the right to dispose of the means of production and resources themselves—is the way to improve economic relations, to bring nationwide interests into line with personal interests, and to make the workers more active.

It is significant the way the attitude of the workers toward leasing and self-employment and the way they perceive the collective movement is changing. Whereas in 1988, mistrust of these innovations prevailed, in 1989 there was a sharp change in the relation between favorable and unfavorable assessments. The introduction of leasing forms of the organization of production is considered unquestionably useful and necessary by 69 percent of managers in the economy and 65 percent of ordinary workers.

The objectivity of these assessments is indicated by the fact that the Bases of Legislation of the USSR and Union Republics on Leasing, adopted by the autumn session of the USSR Supreme Soviet, is the only document regulating economic relations. Along with the draft of the USSR Law on Property, which has been published, it has aroused the broadest interest in society. Their main objective is to correct deformations in the relations of socialist public ownership, to make this a purposive process to eliminate man's alienation from the means of production and the products of labor, to create the most favorable conditions for realization of the creative potential of each individual and of free associations of workers, and to bring our country's economy out of its state of crisis.

In the pieces of legislation which have been submitted, the first thing that must be noted is the change in views toward the problem of ownership that has recently occurred in our theory. Recognition of the right of collective ownership, on which the regulation on leasing is based, should be seen as one of the most fundamental changes. The property of foreign states, ownership of joint enterprises, etc., is recognized.

At the same time, there are certain considerations of a fundamental nature that need to be stated. In our view, the draft law is quite wrong in admitting the term "public property" (*obshchenarodnaya sobstvennost*). It is this omission that has led to the differing interpretations of property as belonging to the union, to the republic, to the commune. In particular, this issue is particularly acute concerning ownership of the land and other natural resources. The position of the draft law is not clear enough concerning private property. The range of opinions that exist in society is extremely broad—from its recognition to complete denial. In the Bases of Legislation on Leasing, there is no provision about who has the right to conclude the contract on behalf of the state with the collective leasing of an state enterprise. There are also other issues and problems. But it is quite obvious that the evolution of perestroika's economic legislation is a process that has just begun. We stand at its very beginnings, and it is quite natural that responses to some of the problems posed cannot be offered from traditional positions. It seems important, then, to take specific steps toward adoption of a Law on Property or a part of it that will guarantee formation of diversity of economic forms of economic activity even in the present stage. The future course of events will show and reveal the most effective forms of public ownership. At this



point, practical steps to broaden the economic independence of enterprises should be undertaken in the following directions.

Quite recently, there has been greater interest in associative forms (various economic associations) that arise when "capital is siphoned" between sectors and between regions, which leads to the emergence of a new mixed form of ownership—associative ownership. The transition to full cost accounting and self-financing presupposes, as everyone knows, an increase in the share of "own" and borrowed funds remaining at the disposition of the enterprise. This is related not only to a growth of investment outlays proper, but also to the transfer of a sizable portion of expenditures to conduct R&D to the enterprises and associations themselves, and to a transition to foreign exchange self-financing, to the requirement that funds for remuneration of labor and social purposes be earned. Areas of that kind for effective use of the resources of the fund for development of production are opening up in adjoining branches, in the sphere of the production infrastructure and social infrastructure, and so on. State enterprises must have the opportunity to create joint enterprises on the basis of shares, enterprises which will be state enterprises in nature, since the shareholders in creating their charter capital will be state organizations. This is one of the simplest forms of "siphoning capital." This is the essence of it: At the present time, the limits of purely sectoral management quite often prove to be narrow for solving many problems of applying the advances of scientific-technical progress and of developing production that is intersector in nature. There is a need for economic-organizational solutions that will overcome the narrowly sectoral approach and departmental barriers and to implement in practice the principle of combining sectoral and regional management. One possible way to solve this problem is to develop intersector industrial cooperation and contract associations. The advisability of broader use of this form of the organization of production and management results from the predominance of the sectoral principle of production and also from the immense influence of the regional factor on location of the productive forces.

Contracts calling for industrial cooperation are a form of establishing horizontal relations among enterprises and associations so as to broaden economic independence. This makes it possible to avoid the need of creating new levels of management and improves the promptness with which many economic problems are solved locally, without resorting to clearance from the higher authorities to which the partner enterprises are subject. In this case, economic independence creates the conditions necessary for organizing a flexible and universal model of production and management. Contract associations are created for a restricted range of matters of mutual interest, and enterprises can at one and the same time belong to several associations of differing configuration. The lines of activity of the associations may be very diverse in nature: joint research, development, and experiment; capital construction projects; auxiliary

utility production and service operations maintained in common; information and computer centers; joint purchasing, sales, transport, and warehouse management; personnel training, and so on.

It is advisable to develop contractual forms of relations in the shaping of regional-sectoral, regional-production, intersector, and agroindustrial complexes when the function of managing the enterprises entering into the association and their financial, physical, and labor resources does not have to be completely centralized. This form has in fact been envisaged by the USSR Law on the State Enterprise (Association) and in the Bases of Legislation on Leasing [10, 11] and is beginning to take hold in our economy in a small way. For instance, in Zelenograd (Moscow Oblast) a movement has developed to form the first Soviet technopolis [12]. The principal point in its economic program is to ensure the freedom of various forms of enterprise on the basis of state, cooperative, and personal ownership.

In the present stage of development of socialist society, a fact that has become clearly evident is that excessive "politicization of the economy" has not brought the anticipated results. The thesis advanced by the party about a pluralism of opinions, a pluralism of ownership, and so on, is impossible without taking into account progressive world experience, as V.I. Lenin pointed out repeatedly. The theory of "convergence" of social systems cannot, of course, be adopted uncritically, but it is also impossible to adhere to dogmatic positions and to deny the new manifestations of interdependence, interpenetration, and mutual enrichment with both experience and also methods of development of the world economy. This principle has been appropriately reflected in the draft of the Law on Property in the form of recognition of the property of foreign states and joint enterprises.

In our view, attention should be paid to one of the promising and significant features of expansion of economic independence based on the possibility of transnational organization of the contemporary enterprise. Until recently, this question was ignored both in theoretical work and in practice.

The conclusion can be drawn, then, that numerous adverse trends in the international socialist division of labor (sluggish growth, a conservative and obsolete commodity structure of mutual trade, scant development of scientific-production cooperation, etc.) are in fact directly related to underestimation of transnational activity. To be sure, recognition of the basic economic unit as a full-fledged participant in foreign economic relations was a major step toward forming an up-to-date conception of the international socialist division of labor. But in practice individual enterprises experience well-known difficulties in going out onto the world market: historically apportioned spheres of influence of the leading transnational corporations of the West, the high level of scientific-technical progress, and progressive forms of both price and nonprice competition. The



enterprise on its own which tries to achieve a large volume of export deliveries will as a rule be uncompetitive on this market.

The role and place of the basic economic unit in the international socialist division of labor can be understood, then, and leading positions can be achieved in those branches that determine scientific-technical progress only through a transformation of the obsolete structure of production and exports and a shattering of the dogmatic conception of the individual enterprise as the entity doing business. The formation of socialist transnational corporations is a tendency whose time has come. It is important only to make this a purposive process, to create priority conditions for development of this form of cooperation, above all in those branches of production that determine the standard of living of the population. This will help to solve more quickly the urgent problem of filling domestic markets with up-to-date high-quality goods and services, which will create the material prerequisites for speeding up the formation of the unified market of the CEMA countries. All of this taken together will also create the appropriate favorable conditions for joint inroads onto the world market.

A number of work collectives have been attracted to a new organizational form—the joint stock company, in which socialist owners of income (enterprises, scientific research organizations, banks, etc.) come together voluntarily. Their basic economic interest is to increase the value of the capital invested, which is subject to market evaluation (the going rate of the stock). The stockholders' meeting performs the function of ownership as distinguished from management of the enterprise by the work collective. The participation of the workers in management and oversight takes place through representatives delegated to so-called oversight commissions.

The course which has been set toward diversity of forms of socialist public ownership and the experience of the advanced states, both capitalist and socialist, demonstrate that the opportunity to build a new structure of entities that would exercise the right of public ownership—specialized agencies for the disposition of public capital (like a holding company)—is an effective method for exercising the owner's functions. In addition to enterprises, this function could be performed by commercial banks, insurance companies, other collective structures, for example, associations of cities or villages, soviets, and other agencies operating in the various forms of ownership.

A longer period will evidently be needed for final conclusions and to solve the problems outlined above. Nevertheless, summing up only some of the first results, but far from the last results, of the arguments and research, we consider it necessary to concentrate attention on the following issues.

First—in our opinion, the reason why the state of affairs in the economy is unsatisfactory and why there have been no manifest constructive trends on the scale of the

entire national economy is above all the continuing alienation of the workers from the means of production and their lack of sufficient motivation to do quality work efficiently. Major steps have to be taken so that the workers of enterprises are not “like bosses” in their production workplace, but so that they become actual bosses of the means of production.

Second—the Law on the State Enterprise declares the right of enterprises to possess, dispose of, and use the isolated portion of public property. In practice, all the rights pertaining to the means of production belong to the state as represented by the ministries and departments. It is actually they who have all the rights to the distribution of the profit created by the work of the workers of the enterprises. In practice, this takes the form of the right of ministries to forcibly assign enterprises unprofitable state orders, prices, standard rates of profit distribution, and so on. Economic methods of management will not have their full effect so long as the obsolete administrative system of management is retained.

The practical experience of a number of enterprises with the first and second models of cost accounting has shown that there have been no revolutionary shifts in the efficiency of their operation.

Third—the work collective is hampered as before in its ability to exert a real influence on the behavior of the enterprise in the environment. Many negative factors contribute to the workers' lack of interest in the results of work and as a consequence to the “sluggish” economy.

These factors include the present system for remuneration of labor; the workers' lack of “acquisitive motivation,” which, as shown by world experience, is a very important incentive for a thrifty attitude toward the property of their enterprise; the coercive forms of the distribution of profit, etc.

Fourth—production cooperatives offer examples of truly self-managed, economically accountable, and highly profitable socialist enterprises. The efficiency of their operation is determined first of all by the right accorded them by the Law on the Cooperative to own the means of production and the right that derives therefrom to the realization, appropriation, and independent distribution of income not subject to standard rates.

The inequality between production cooperatives and state enterprises that is embodied in legislation puts the latter in unprofitable economic conditions, which results in the low operating efficiency of state enterprises, so that the most highly qualified personnel, including workers of the leading occupations, are leaving for the cooperatives.

Fifth—the “movement” that is now clear as a number of industrial enterprises make the transition to operating under the conditions of leasing the means of production which belong to them under the Law on the State Enterprise is explained by the desire of state enterprises

to get out from under the petty meddling of the administrative system, even at the price of paying rent. But economic practice demonstrates that this process is encountering strong resistance from bureaucratic structures.

On the basis of what we have said above, there is a great practical interest in the conception of a collective enterprise that brings together the best features of the state enterprise and the cooperative enterprise. It is based on the following principles:

1. The ministry and the work collective are the owners of enterprises with stipulated shares of ownership. At the moment it is formed, a portion of the state means of production of an enterprise is transferred without compensation to the ownership of the work collective and constitutes an indivisible part of the enterprise's property.
2. The entire work collective is divided into two parts: workers who are co-owners and hired workers. The hired workers are workers who have less than 3 years of continuous employment at the enterprise. At the end of that period, they move over to the group of workers who are co-owners.
3. The work collective of workers—co-owners has the right of ownership to the means of production, to the income derived from their use and to its distribution. The hired workers have the right to the wage stipulated in the wage contract.
4. The collective enterprise, while remaining within the ministry's system, is no longer under its administrative jurisdiction.
5. The general assembly of workers—co-owners is the supreme body in the collective enterprise and elects the management council and president (chairman) of the management council. The management council is the supreme executive body for strategic management at the enterprise. The influence of the ministry on the enterprise's economic activity is exercised through the representatives of the ministry on the management council, where the number of votes is in proportion to the share of ownership of the enterprise's common property. The management council hires a management team and administrative staff under a contract for a specified term to carry on the day-to-day economic activity.
6. The enterprise is entirely independent and self-managed.
7. Distribution of income at the collective enterprise is independent and not subject to standard rates, and any systems are used for remuneration of labor, they are not subject to rate schedules, and there are no restrictions on the maximum level of earnings.
8. In addition to the indivisible portion of property, when the enterprise is transformed to collective status a divisible fund is created equal to the annual deductions made to the fund for development of production.

Every worker who is a co-owner of the enterprise has his share in that fund, which is in proportion to the fund for remuneration of labor he has earned. The share is paid to the worker—co-owner if he leaves the enterprise. The workers—co-owners are paid dividends on their share according to the annual results.

9. The enterprise's income is subject to a progressive tax generating revenues which go into two channels: into the union budget and into the local budget.

In the set of principles we have expounded for the functioning of collective enterprises, there are, of course, a number of fundamental issues which in our view require essential additional treatment. First, the provision concerning the hired workers contains a manifestly discriminatory approach to formation of the work collective.

In this conception, a large group of workers remains completely unmotivated. These are graduates of vocational and technical schools and *tekhnikums*, young specialists, although it is precisely they who must be motivated from their very first steps in production to make efficient use of socialist public property. It seems that here we should think out a more flexible and differentiated policy toward each group of workers of the collective enterprise. But it is beyond doubt that every worker must have an incentive to do highly productive work. Second, the issue of mutual relations within the production entity remains unresolved in this conception. The internal economic-organizational mechanism that is the basis of production activity has not been set forth.

However, it does seem that the principles governing the functioning of the collective enterprise do make the workers—co-owners true masters of the enterprise, do create incentives for keeping personnel at the enterprise (building up the share and the annual dividends), and do emancipate work collectives from the dictate of superior authorities, making them completely independent and subordinate only to the law.

The importance of this example is that recognition of the diversity of forms of socialist public property is the basis for a creative search to find methods and procedures for realizing it effectively.

A study of the progressive directions in expansion of the economic independence of enterprises makes it possible, in our view, to draw a conclusion of general methodological importance.

Any form of socialist public property is efficient whenever it is the one that is most appropriate to the real status of the entity carrying on economic activity. It follows that there can be no one universal method or form of the organization of production for the country's entire national economy. All attempts at artificial construction and simulation of the relations desired will as a rule fall short of success.

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**Economic Programs of Political Groups Compared to CPSU Platform**

904A0376A Moscow *EKONOMIKA I ZHIZN* in Russian No 21, May 90 p 3

[Article by Candidate of Economic Sciences A. Zobov, Moscow: "'Forgotten' Economy?"]

[Text] Probably, few people are surprised by the diversity of the platforms, positions, and programs, which have appeared in the course of discussing the draft

platform of the CPSU Central Committee. Possibly, along with this basic document they will be discussed at the 28th party congress. The pre-congress debate has revealed different views concerning the party and its role in the development of society. No matter what critics of the CPSU may say, a rapid process of democratization and, along with it, of choice by every party member of his position is going on in it.

It is characteristic that different documents reflecting certain trends in the party assign the central place to attempts to answer the following questions: "Where are the roots of the crisis and who is to blame for it?" and "what should the party be like?". At the same time, as a rule, the mechanism of development of intraparty democracy and of the procedure of electing leading party bodies is described quite in detail and a merciless war against any privileges and benefits is declared.

There is no denying that these are important problems, without the solution of which it will hardly be possible to restore the authority of the party. However, another thing is also indisputable: If the party in its intellectual and political search "forgets" about the development of the socioeconomic platform and about the choice of the direction and rates of transformation of the economy, it forgets the vitally important interests of millions of people. Such a party as a mass political organization is doomed to defeat. What increment in terms of the development of the socioeconomic CPSU program for the very near future did the documents alternative to the draft platform of the Central Committee give?

We will state right away: "The Democratic Platform" took the stand of complete silence about socioeconomic problems, as though this was the task of other parties, not of the CPSU. It is not that it does not have such a section. It does not even have a hint or even a general exposition of the directions in the country's economic development. Strange as it seems, but, putting forward the idea of transforming the CPSU into a parliamentary party, the authors of the "Democratic Platform" were unable (and, perhaps, consciously did not want) to formulate a package of socioeconomic initiatives, which the "parliamentary" CPSU would defend in bodies of state power. However, parties all over the world do not fight for participation in parliamentary debates, or for some other procedure of distribution of party dues! They fight for deputy mandates and for the right to participate in the formation of a government that would defend a fully specific program of actions.

Moreover, parties are established not only for holding elections of their structures or establishing fractions—ultimately, these are secondary matters—and they lose the meaning without the answer to the main question: Whose interests does a specific party defend and by what means and with the help of what economic and social policy?

For example, now it would be interesting to know the position of the "Democratic Platform" on the possible

social price of the new spiral in economic reform, the attitude toward mass unemployment, inflation, and the right to labor, specific ways of "degovernmentalizing" the economy, and other acute problems, which disturb everyone. Alas, we do not find answers in it. But without them the "Democratic Platform," judging by the strictest requirements, can hardly be alternative to other pre-congress documents, including the draft of the CPSU Central Committee criticized by its authors.

This cannot be said about the draft of the "Marxist Platform in the CPSU." Its economic credo is set forth quite clearly: transformation of state property into public property, development of the self-administration system from top to bottom, and preservation of market relations only as a means of transition to socialist forms of production and establishment of a public-state regulation system. Nor are workers' social protection and employment guarantees forgotten. All this would be splendid if the platform had fully taken into account the real and, in many respects, dramatic situation existing in society. Without this many, even very attractive, social and economic guidelines at times become so pretentious that they are of interest for abstract pseudo-scientific debates alone.

Here is an example: "The movement toward socialism is a process of workers' conscious historical creativity, which transforms public property into a means of realization of man's creative abilities and liberation of labor from all forms of exploitation..." The "Marxist Platform" charts specific paths of transition to such an economy, but to a significant extent they are of the nature of appeals and declarations.

Some of the program theses and, especially, their comparison cannot fail to arouse questions. For example, according to the authors, the transformation of the management system includes decentralization of rights, responsibility, and resources at all management levels and with all forms of property. Decentralization of rights and responsibility is both possible and necessary. However, what should be done with resources? What do the authors mean by their "decentralization"? And how to coordinate this with the next task in the draft platform: "To realize... a drastic redistribution of all resources in favor of sectors producing consumer goods..." Is it possible to link decentralization of resources and abrupt structural changes in the country's economy?

Next, the authors of the "Marxist Platform" propose a transition to a system of a territorial and nondepartmental guaranteed distribution of the most vitally necessary goods, which is made according to uniform principles, intensification of control over prices, and safeguarding of the right "to an adequate standard of living in accordance with the consumption norms necessary for a normal reproduction and the development of personality." As we see, the tasks are very diverse if they are compared with the policy of "decentralization." Moreover, they are formulated with insufficient clarity.

For example, what is a "guaranteed distribution"? Abolition of trade and the introduction of a rationing system, or something else? In general, one would like to know who will "ensure" all this and how.

From the context of the document it follows that councils of labor collectives, territorial public self-administration committees, and consumer societies, to which, jointly with soviets, it is proposed to transfer absolute power, should accomplish all these tasks. However, the real interests of the enumerated bodies do not always coincide and at times even oppose each other. For example, it is clear that consumer societies will always come out for a reduction in prices. But what will councils of labor collectives answer to this? Practice shows that precisely councils of labor collectives actively operate in a directly opposite direction. This also applies to the solution of problems of ecology, development of the social infrastructure, and so forth. However, without the unity of interests of those entrusted with the solution of the major problems discussed in the platform the proposed system will hardly be viable.

Nevertheless, it should be admitted: The "Marxist Platform" portrays quite an interesting and, in many respects, new image of socialism and its socioeconomic relations. Its authors try to formulate the party's new ideological baggage and they should be given credit for this. However, as it seems, the platform is oriented primarily toward the long-term period. It does not have the chief thing for today: How to get the country out of the most severe economic crisis, how to overcome the growing unbalance on the consumer market, and how to activate economic incentives for labor.

Unfortunately, nor was it possible to avoid pretentiousness in the economic section of the Political Position of the Moscow conference of secretaries of primary party organizations, whose draft was published in MOSKOVSKAYA PRAVDA on 30 March. Reflecting the views of almost 100 secretaries of the capital's major party organizations and of the "horizontal" party structure, which, in fact, is already active, this document repeats a great deal and reproduces the customary approaches: equality of forms of property, elimination of restrictions in the development of the agrarian sector, and implementation of credit and financial reform.

Today all these and some other provisions can be encountered in the programs of many parties and movements, right up to the Christian Democratic. Such a coincidence, on the one hand, could be considered a sign that a consensus on key economic problems "is ripening" in society. On the other hand, however, is it not time to move forward in a meaningful way and to discuss specific tasks and, if you wish, details? After all, the same credit and financial reform can be carried out from opposite positions and in the interest of various social groups.

This also applies to the "transition to a regulated market of goods, finances, and resources," for which the Political Position comes out. It is remarkable that, along with the recognition of the market, it is proposed to carry out "reform in public economic planning." Again, however, not a word about the essence and mechanism of this reform and about how a "regulated market" and "economic planning" will interact.

If the preconference documents are evaluated according to what place they assign to economic problems, such an active author as the Leningrad Organizing Committee for the Preparation of the Constituent Congress of the Russian Communist Party, which forms part of the CPSU, should be considered the leader. Possibly, the fact that the committee prepared program documents later than many others, when the growing attention of public opinion to the fates of our economy made itself felt clearly, played a part here.

The theses of the Leningrad Organizing Committee single out overcoming the crisis in the economy and ensuring its socialist development as the party's "main political task." One could agree with such a formulation of the problem. However, how is the crisis to be overcome?

First of all, by means of the already well-known approaches. They include monetary reform, progressive tax on inheritance, termination of an arbitrary reduction in rates, equalization of economic conditions of activity of cooperatives and state enterprises, and so forth.

Yes, the realization of such proposals, perhaps, will make it possible to eliminate or at least to slow down the social stratification of society and to strike at unearned income. However, the problem is much broader and more complex. Toughening control over income and wages in itself cannot lead to a rise in the rates of economic growth, an elimination of structural disproportions, and a sharp increase in the output of consumer goods. Is it possible to attain all this without developing the market? And the chief thing: How, nevertheless, to get out of the economic crisis? Unfortunately, all these questions remain in the background. On the other hand, distribution, not increase in production efficiency, are in the foreground.

Other guidelines also appeared at the Organizing Congress in Leningrad. Obviously, taking into consideration the growing anxiety in society owing to the proposed increase in prices in connection with the transition to the market, an attempt was made to formulate alternative proposals. Their essence lies in creating an antiexpenditure economic mechanism, in which a reduction, not increase, in prices is "built in." It is asserted that such a model of management exists. When it is utilized, an increase in wages depends precisely on a reduction in the prices of products.

It must be admitted that, externally, everything looks quite simple. However, the following question arises: With such a model how to ensure the mastering of new or

better products, which require additional expenditures? The production of "as many cheaper products as possible" is to be ensured not through the development of competition and market relations and a fight against monopolism in the economic sphere, but through a new combination of cost-accounting indicators of enterprise activity.

In my opinion, the introduction of such a cost-accounting model means none other than a return to an all-encompassing centralized system of directive planning and management. Coming out in defense of the interests of labor collectives, it would not be bad for the authors of these documents to clarify the opinion of the collectives themselves concerning such a management model, especially as it is planned to assign very extensive rights to them, right up to the role of the "holder of Soviet power" or the right to "hire the administration with payment for its services depending on the collective's wages..."

At the time when the country's future and the success of perestroika are largely determined by the result of economic reform ever newer drafts are put forward in the CPSU, but so far the party does not have a collectively developed position on these problems. Intraparty problems dominate in the developed initiating drafts, but most of them assign a secondary role to the economy. Criticizing the draft platform of the CPSU Central Committee, it must be admitted in all fairness that the leaders of other platforms were unable to develop a more specific and realistic approach in the area of the economy.

Everything will be determined at the congress. Of course, it must not be allowed to turn into an all-Union party and economic aktiv. However, even during the period of preparation for it it is hardly justified to reduce all problems to a clarification of the relations inside the party as along "vertical" and "horizontal" lines. We must not withdraw from the determination of priorities in economic policy and specific ways of solving social problems.

## INDUSTRIAL DEVELOPMENT, PERFORMANCE

### Novolipetsk Metal Workers Urge Swift Transition to Market Relations

904A0390A Moscow PRAVDA in Russian 30 May 90  
First Edition p 2

[Article by V. Stepnov, PRAVDA correspondent: "Metallurgists Favor Reform"]

[Text] The Novolipetsk Metallurgical Combine, the country's largest, is on the verge of stopping production. In the opinion of metallurgists, transition of the economy to market relations can normalize the situation. We cannot slow down any more.

In the converter shop, abstract economic categories are acquiring visible forms and harsh realities. Steel smelting now is often reminiscent of the eruption of a volcano. A column of exploding flame pulsates beneath the floor itself; red hot pieces of the slag metal mass fly. The steel workers are well aware of the danger of their vocation and still proceed to complicate the smelting. They are forced to.

The problem is that for a long time now the plant has been receiving only half of the main component of the charge that it needs—metal scrap. The presses and fagoting machines have stopped in the scrap breaking shop. There is no time to sort and prepare the scrap. It is quicker for it to go directly from the railcars to the converter. They receive a lot of oily scrap chips. They also provide a "pyrotechnic" effect.

The combine's economic structure is experiencing serious overloading. It has to make up the shortage of metal scrap with pig iron, and it is twice as expensive. The production cost of metal is increasing. The increase in cost has to be covered from profits.

The alarming symptoms with supply of raw materials were detected long ago. Steps were taken, and at the highest level. Back in February of last year, the USSR Council of Ministers adopted a resolution directed at improving the collection and processing of metal scrap. Enough time has passed, but the situation has not only not improved, but grows worse with each passing day. It is now already clear that the administrative measures called for by the resolution are not working, since they are from the old collection of authoritarian management, and material incentives are not effective.

The metallurgists are at a critical point and are more acutely aware than others of the need for the economy's transition to market relations. They do not have any illusions, but they also are not afraid of difficulties. Yes, increasing prices for metal will involve a reduction in demand. At least the number of people who make hay storage from sheet metal and stockyard fences from pipe will decrease. They will also have to cut back production and accordingly decrease the number of jobs. This is the reverse side of market relations. How do the metallurgists perceive it?

I asked this question of steel maker V. Tolmachev.

"I favor a market economy," he answered. "I am tired of stupid work. If metal is not valued, we should give quality not quantity. I am not afraid of unemployment. Workmen are needed all over—in agriculture, construction, personal services."

I. Frantsenyuk, general director of the combine, is in full agreement with the steel maker. In his opinion, hardened price formation and monopolism are driving the metallurgists to an impasse.

The possible reduction in the number of jobs in connection with the transition to market relations does not

worry the general director, and the combine is already taking insurance measures. Here they plan to set up production of the best models of refrigerators. The design was purchased in Italy. If they have to cut back on metal production, people will be given jobs at the new prestigious production facility.

In short, the metallurgists are not frightened by a market economy, but see it as a way to improve the economy.

## REGIONAL DEVELOPMENT

### Sakhalin Oblast Leader Explains Plan To Introduce Market Relations

904A0385A Moscow IZVESTIYA in Russian  
26 May 90 Morning Edition p 4

[Interview with Professor Valentin Petrovich Fedorov, pro-rector of the Moscow Institute of the National Economy imeni Plekhanov, by I. Kruglyanskaya: "The Island Begins an Experiment, or About the Strange Coincidence that Medieval Astrologists Predicted the Same Future for Sakhalin that Professor V. Fedorov Is Now Predicting"]

[Text] Our newspaper has already reported that a Muscovite, Professor V. Fedorov, pro-rector of the Moscow Institute of the National Economy imeni Plekhanov, was recently elected head of the executive authority of Sakhalin Oblast.

[Kruglyanskaya] Well, Valentin Petrovich, how do you feel in the role of mayor?

[Fedorov] A city has a mayor. An island has a governor. I have only "governed" for 3 weeks and had to come here to Moscow for the RSFSR Congress of People's Deputies. I understand, of course, that this is a serious matter. But I should be there.

[Kruglyanskaya] I think I understand your situation. Turn on any television program or open any newspaper, and it is the same thing everywhere. Do we need a market economy or not? If we do, what kind? What will we end up with—capitalism or humane socialism, a planned market economy or a regulated market? In my opinion, you have long been clear on this account. For you the time for actions has come, and you probably have heard too much of all these arguments.

[Fedorov] Yes, and I have also been engaging in discussion for many years, but for no purpose. Together with other economists I proved that a planned economy is an absurdity. The same goes for a planned market economy. Finally, at the highest levels, it seems they understood and now are talking about a regulated market. For me this is also an absurdity, but I am tired of arguing. I would only ask: If it is regulated, then for what purpose? Maybe for the sake of preserving state monopoly? Or to support ideology? Or to increase production for the sake of production? The sensible person would say that we must regulate the market for the good of the people. Is

that right? But then this is called a social market economy, and we do not need to devise anything because such an economy was devised long ago in developed countries of the West. And I believe I know this economy well. That means, enough talk; it is time to act.

[Kruglyanskaya] It is hard to doubt your knowledge. You worked at the World Economics and International Relations Institute for many years....

[Fedorov] But that means nothing. I was just lucky. Do you know how it began to become clear in my mind? After defending my candidate thesis, I traveled to the FRG for half a year. And I felt that I understood nothing in the market economy. The mechanism itself of capitalist production was not clear to me. What an exchange or interest rates are, how they change, why you can strike in one instance and not in another.... And so on. I was just beginning to figure something out when it was time to return home.

I also wrote my doctorate on the FRG, about the interaction of the national economy and world economy. I defended it at age 37; this is considered early for economists. But I was older than many in my world outlook, because if a person defends his doctorate only when he is 60, it means that all his life he has had to be afraid and bow. But by the time I was in my forties...I had straightened up, perhaps. I was free internally. And that is when I returned to the FRG. This time for six years. And I studied the market economy thoroughly during these years. I was convinced once and for all that our economy was an absurdity from which we had to get out of immediately.

[Kruglyanskaya] Now economists are just now talking about this.

[Fedorov] But to this day they do not listen very much. I returned home in 1984 when Chernenko was in power. Naturally, I ran into a wall of a lack of understanding. They even began to accuse me of all sorts of sins and call me an extremist and sometimes an anti-Soviet. But now they can call me whatever they like, I am convinced that we have no other way but a market economy.

[Kruglyanskaya] But if we should do it "immediately," then why another experiment? If I am not mistaken, that is what you are calling what you want to do on Sakhalin? And by the way, we still have not forgotten the euphoria over the sectorial experiments at the very beginning of perestroika, when a number of enterprises simply converted to favorable operating conditions.

[Fedorov] Yes, that was another absurdity. It is just the same as removing a piece of fabric from a ready-made suit, reinforcing it, and putting it back again. All you do is ruin the suit.... But the territorial experiment on switching our economy to a market footing is a another matter. True, the territory must meet certain requirements to be able to build the mechanism of economic reproduction. I said the word "Sakhalin" for the first time five years ago.

[Kruglyanskaya] Incidentally, at approximately that same time I talked with Estonian economists who at that time, in my opinion, were not thinking about seceding from the USSR. On the contrary, they welcomed the changes in the country in every way, although they were much more radically oriented than the center. And they were surprised: Instead of accusing them of extremism, why not use their small republic as a testing ground for testing a new model of transition to market relations?

[Fedorov] I chose the region carefully. I was in Estonia and many other places. Believe me, there is no better place than Sakhalin. They have everything there that is necessary. And the fact that Sakhalin is an island and geographically remote from the center is also an advantage. Imagine that suddenly Gavril Popov thinks up something and there is improvement in Moscow. Visitors would destroy all the stores in an instant. But they will not surge to Sakhalin in such numbers—it is too far. Shadow capital will not be introduced; a speculative economy will not develop. The territory is large, 900 km in length, almost the size of the FRG. There are more than 700,000 residents. Sakhalin already surpasses many states of the world in these indicators. There will not be any nationality problems; the population is mainly Russian. In addition, there are natural resources: timber, fish, oil....

[Kruglyanskaya] When you were fighting for the territorial experiment in your speeches, letters, and articles, did you have in mind your own participation?

[Fedorov] No. I am a scientific associate. My job is to propose, substantiate, and publish; others can implement. But during the years of all this talking-shop, I became convinced that there are not many who know anything about the market. I have to explain elementary things. And this idea is my child. Why hand it over to a children's home? And there are still people who do not know how to raise it. Therefore, when six enterprises of Sakhalin nominated me as a candidate for RSFSR people's deputy, I consented. I went there and defeated my opponent in the elections—a local economist. Later the idea came up: Why not make me chairman of the oblsopolkom? And they did.

[Kruglyanskaya] Well, how did you react to this?

[Fedorov] Normally, I am already living there. I got an apartment. In the three weeks that I have been "governor" on the island, I have already met with 15 delegations from abroad. Americans, Canadians, Spaniards, Iranians.... They learned of our plans and they came.

[Kruglyanskaya] Then you are relying on cooperation with foreigners?

[Fedorov] I consider the foreign economic factor to be very important. Our reforms will drag out a long time without it, and we must cover this distance quickly. But it is still a secondary factor. We must place emphasis on our own strengths and stand on our own feet. That is why we want to announce on Sakhalin the most genuine NEP.



A new economic policy. Everything is possible—we only have to increase production and improve people's standard of living. Our program document also states: "Any activity is authorized that meets the needs of the oblast's population and is not detrimental to the country's interests." That is to say, Sakhalin is becoming a territory of free enterprise. I think we will soon create private enterprises. We will sell land—but that will come in time. What kind of sale would we have now—we would just take it. Later we will propose: Buy it, and the land will become your private property forever.

[Kruglyanskaya] And you will sell industrial enterprises?

[Fedorov] Certainly. We will create joint stock companies. We will open a stock market. But that is already at the height of development of the market. For the time being we must develop small and medium-sized enterprises. We will give cooperatives privileges and lure them from the mainland. Let them use us as a Liberian flag. They will be registered with us, pay us taxes, and they can operate where they want. They press them on the mainland; we will not. On the contrary, we have already recommended to the ispokoms to lower the tax rates for cooperatives, including trade and purchasing cooperatives.

[Kruglyanskaya] Don't you have any protests against cooperatives there?

[Fedorov] We do. The population is indignant: an outrage, they say. Apples at 7-8 rubles per kilogram.

[Kruglyanskaya] They should come here and see... The other day I dropped by the Central Market. A kilogram of strawberries—30 rubles; sweet cherries—25 rubles; apples—10 or 12 rubles.

[Fedorov] That is what I tell them: You should thank these brunettes who sell you watermelon for 7-8 rubles each. Otherwise your children will grow up and only see pictures of watermelons. We should invite more of them. They will bring more goods and sell them more cheaply. They say to me: Set a firm price. Three rubles and not a kopeck more. Of course, we could do that. It is just that no one will come so far for 3 rubles.

[Kruglyanskaya] It seems to me that the reaction to cooperatives primarily demonstrates that we are not ready for a transition to market relations.

[Fedorov] Of course. And that is why we cannot jump into the market like into a whirlpool. There is a danger of drowning. Each country has its own conditions. For example, I am confident that after a few years we will travel to Poland to learn. But we cannot repeat their journey. There the population has already lived through everything, including a military dictatorship. So people are willing to put up with the difficulties of the transitional period for the sake of a free market, about which they know more than we do for geographic and historical reasons. But our population would hardly support us if prices were to rise severalfold and thousands of people

lost their jobs. Then what should we do? Create a parallel competing market economy which in the end will destroy the present economy, the way undergrowth, growing up, destroys the old forest.

[Kruglyanskaya] In short, the market economy will first be on Sakhalin, then in Siberia, in the Urals, and then everywhere?

[Fedorov] Don't complicate matters unnecessarily. It is all much simpler. This is correct: We will switch Sakhalin to market relations, and people will see how well they can live and work and will want to do the same they where they live. But when I say a parallel economy, I have in mind something else. Let us discuss this. The old system as it existed and still exists. State vessels catch fish; state transportation takes oil from Sakhalin; sovkhozes and timber management operate. We cannot break this system right away. Take the sovkhozes. According to the idea, they should be disbanded right now. Labor productivity is at the medieval level. Foodstuffs are still delivered to Sakhalin from the mainland. But if we disband the sovkhozes, we will be deprived of what little they do provide... People will lose jobs. You do not become a farmer right away, you must get used to the new conditions, to a totally different responsibility, and to different work. Or take timber management. Your heart bleeds when you see what they are doing. Just imagine: A luxuriant, age-old tayga is standing, and suddenly it is all destroyed as if by an atomic explosion. Timber management has been through. They export the valuable timber wherever they like, and on Sakhalin you cannot buy furniture. The hills are no longer covered by a forest but by stumps...

[Kruglyanskaya] But now as "governor" or, to be serious, as the Soviet authority, you have the right to ban the destructive activities of the ministries on your territory.

[Fedorov] We can. But, again, I cannot simply ban it. The people themselves understand that they are destroying their own land. But they have to live. A man cuts down the forest and receives 500 or 600 rubles per month. He has a family. Radical as I may be, I will not commit a rash act—or the people will turn against me. I first must create some new centers of employment, and then suggest that they leave the ministry and work somewhere else. And timber management will thus simply cease to exist.

[Kruglyanskaya] You would not think it is possible that it will cease to exist for a different reason, because there will be no forest left?

[Fedorov] You are right. I understand perfectly well that we must save the island, save the people, and save ourselves as quickly as possible. On this trip I planned several meetings at the very top. But, you cannot get at them. If you talk with any minister, he is certain to say that he is "for" it, but let the government remove it from state order. But the thing is, he is the government. It is some kind of madness. That is why there is nothing left to do but build up the parallel economy at a feverish



pace. And the main task now is to emancipate initiative. Now they come to me: give us timber, give us gravel, give us sand. And I say: I will give you more—freedom! And the rest you can get yourself. Turn around and get rich. I said the same thing in an interview: "Citizens of the island, get rich! But get rich at the expense of your own labor, not by ruining the country." Of course, I will help a school or hospital get gravel. But when a guy with a large forehead sits there and demands that everything be handed to him, I suggest to him: take off some fat, run around and look for it, and I will look at what you have thought up. If it is not bad for Sakhalin, I will authorize it. You can open an enterprise or quarry. We can even lease an island, if you want. We have 56 islands there. There are small, uninhabited ones. Or simply a rock jutting out of the water—is this an island or not? Last year, they say, people came to the ispolkom and asked to lease an island. They did not let them. I grabbed my head: Where are they? Maybe now they will read in IZVESTIYA and respond?

[Kruglyanskaya] What did they want to do with the island?

[Fedorov] I don't know. Possibly raise young bulls. Or build a Sakhalin "Swallow's Nest"... It is a delight for tourism here. The main thing is to have a business pulse appear; after all, everything has been stifled. And in the people, too. Even though they have talent. We must learn to value all kinds of capabilities, not just artistic or musical ones. Even a bootblack needs talent, otherwise he would dirty up your socks.

[Kruglyanskaya] I once wrote down on my note pad a statement made by an American, B. Washington, that is quite instructive for us: "No nation can achieve prosperity until it is aware that plowing a field is just as worthy an undertaking as writing a poem."

[Fedorov] He's absolutely right. In any civilized country, farmers are the flower of the nation. The same way our "kulaks" were the flower of the nation. I say this directly to the residents of Sakhalin—over the radio and at meetings. Many are deprived of the gift of speech. The chairman of the oblispolkom must say this.

[Kruglyanskaya] Really? Are there those who wish to get land?

[Fedorov] There are. But they, of course, are heroes. There is no equipment or machinery. The sovkhozes, as a rule, allot them poor, unworked land. Somewhere in the forest, and there are neither roads nor water there... Then it requires about 200,000 to start up a farm. This is not a problem if you get credit for five years and begin paying interest after one or two years. But now you will not get money at the bank on such terms. They will give you a tiny bit and then charge interest the next month. Or else they threaten to move in and take everything.

[Kruglyanskaya] Can you change something here?

[Fedorov] We can and are. You see, we have a staggering banking system. With one small window. How is it set up throughout the world? There is a central bank which regulates circulation of money in the country. It issues money and monitors inflation. It is not even subordinate to the president, not to mention the prime minister. They even joke there: They say that if the president requests something, the bank is sure to do the opposite... And below there are thousands of independent commercial banks. If they are rude to you or you don't like the interest rate at one, you go to another and get credit.

Here on Sakhalin we will also create commercial banks. Initially, enterprises that have available money will consolidate. Then we will invite someone from the mainland. That is to say, we must create as much competition as possible—this is the meaning of a market economy. But for the time being we have a total state monopoly.

Of course, it is not just a matter of banks. The Ministry of the Fish Industry simply confiscates the fish from us. Oil is exported, but on Sakhalin there is neither gasoline nor fuel oil. Gas is exported, and our villages do not have gas facilities installed. And I already talked about timber. It is the most genuine imperialistic policy with respect to the remote areas of the country.

[Kruglyanskaya] Excuse me, but if you plan to create a market economy, why do you have to turn over everything? It makes no difference if a peasant chooses what to grow, and then they recommend to him to go to the market with an empty basket.

[Fedorov] Understand, no one has recommended anything to us. We decided everything ourselves. Of course, the governmental resolutions on the status of the oblast would have helped us. Now I have a large credit of trust, and I can do many things. Incidentally, do you know a funny thing. On the wave of glasnost, various prognosticators began speaking on television. I myself did not hear but was told that supposedly on some broadcast they recalled the predictions of ancient astrologists that by the mid-1990s Sakhalin would become almost an earthly paradise. Whether you want to believe it or not, people associate my mission on Sakhalin with that prediction. But I understand perfectly well that if there are not changes for the better, no astrologists will help. People will no longer trust me and be disappointed again. So, we do not have much time, 2-3 years. But to tell you the truth, I do not doubt for a minute that everything will work out. Not so much because I have astrologists on my side, but because I have all the world experience on my side. So far, not a single socialist country has shown any significant economic results—all achievements belong to the market.

[Kruglyanskaya] But you are living in a situation in which they take everything away from you and command everything. You are still living in conditions of a centralized economy!

[Fedorov] I already said that this economy is absurd, ineffective, and therefore non-viable. Don't worry: The new structures that we will create will quickly rob it of its vitality.

[Kruglyanskaya] You are so confident... Is there nothing that can hinder you?

[Fedorov] Why... No sooner was I elected than they brought a telegram to the government to be signed: Why in 4 months have only half of the meat deliveries to Sakhalin been filled? I sent the same telegram on mixed feed—no response.

[Kruglyanskaya] Do you think they are consciously doing this?

[Fedorov] I doubt it. Everything is simply collapsing, there are few funds, and we will be supplied even more poorly.

[Kruglyanskaya] But you said that is why you chose Sakhalin, because it can support itself.

[Fedorov] It has the potential. In 1 1/2 to 2 years, but not now. That is also why it is not ruled out that we will have to, how do I put this more mildly, demonstrate disobedience. Leave for ourselves half of the fish caught or half of the timber cut. Now they are taking everything they can from Sakhalin. And they are delivering less and less. If this process were to continue, we would have nothing to feed the population. If only we were to sell the fish and buy the meat ourselves... I assume that they will understand us correctly: We are doing a common job, and the Sakhalin experiment will benefit perestroika throughout the country. Still, I am afraid that the argument against us will be that we will begin giving less to the overall fund. That is why it is not ruled out that they will try to interfere with us. And we want to secure ourselves by yet another method. A NEP is a NEP, but besides that we are announcing a sort of "Marshall Plan." Remember how it worked? After the war, America delivered goods to the countries of Western Europe. These goods were sold to the population, and the money was put into a special account and given as credit for restoring the economy. Later (in the form of interest) it was all paid back in greater volume and again went to finance enterprises. We are now also creating the "Sakhalin Fund." We accept contributions and transfers in rubles and in currency. We take tractors, machinery, and other equipment. From everyone—from our people and foreigners, from artists and people with extrasensory perception, from state enterprises and cooperatives... This will be an independent fund. Our farmers or entrepreneurs will be able to get credits from it without any bureaucracy. In one or two years they will begin repayment with interest, and the fund will increase.

[Kruglyanskaya] Are you counting on philanthropy?

[Fedorov] That, too. It will be very difficult for us on Sakhalin to shift the economy to market relations. But it will be even more difficult to do this throughout the

country. And if it does not turn out for us there, nothing will turn out for Gorbachev. If we fail, this will be a bad omen for all of perestroika, this is obvious to me. But, in addition, each person who transfers to us a large sum or makes a large transfer will receive preferential rights for cooperation with Sakhalin Oblast. And this is no small thing, if you take into account that the oblast is not simply an oblast, but a free enterprise territory... Note the word free. And freedom is always alluring. Especially economic freedom.

**From the Editor:** In publishing this interview and telling about the path which Sakhalin has chosen, we thus have committed ourselves to monitor the progress of the experiment and to inform readers about it. We are also giving the address to which transfers can be made to the "Sakhalin Fund":

In rubles—693000, Yuzhno-Sakhalinsk, Kommunisticheskii prospekt, 47, Zhilsotsbank Oblast Administration, current account No 747302 MFO No 27701;

In foreign currency—692900, Nakhodka, Primorskiy kray, Nakhodkinskiy prospekt, 22, non-balance currency account of the Sakhalin Oblispolkom No 931870022 MFO No 805034;

Physical assets—693000, Yuzhno-Sakhalinsk, Kommunisticheskii prospekt, 39, Sakhalin Oblispolkom.

### Latvian Economic Independence Strategy's Practicality Questioned

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Morning Edition p 2

[Article by Candidate of Economic Sciences S. Dimanis, Latvian SSR people's deputy, and I. Litvinova, IZVESTIYA correspondent, Riga: "Breaking Into a Market That Does not Exist"]

[Text] After the adoption of the law on the economic independence of the Baltic region, models of management are being actively developed in Latvia. All of them are similar in one thing—under the new conditions the republic should sell and buy freely.

For the time being, however, the market is a purely hypothetical structure. In real life, distribution or exchange in kind, not trade, occurs. Let us take a simple example. The Latvian newspaper ZEMLYA published an item under the loud heading "Why Does Latvia Not Feed Leningrad?" with the no less intriguing subheading "About Which the Commentator of Central Television Was Silent." The essence of the problem: Last year Latvia underdelivered meat to the all-Union stock, including what was earmarked for the people of Leningrad. The explanation was as follows: Meat was underdelivered to the center, because the republic did not receive enough concentrated feed from the same center. The exchange ratio was as follows: 1 ton of meat—10 tons of feed. This is the whole market, as at the dawn of civilization.

We tried to clarify the ins and outs of the "meat and feed story" at somewhat greater length. Here are the results of the journalistic investigation. In 1988, which was a year of poor harvest, the republic's animal husbandry was on the verge of collapse. The republic turned to the center for help: Give us an additional 450,000 [tons] of concentrated feed until the end of wintering and, better yet, until the new harvest. A letter arrived from Moscow only at the end of November: A total of 30,000 tons are allocated to you. After 1 month, another 200,000 [tons] were added, but during that time about 100,000 underfed hogs, as well as part of the cattle, had to be delivered to the meat combine. It was no longer possible to obtain the planned weight gain. Thus, Latvia delivered to the all-Union stock 15,100 tons of meat less than was expected from it. The republic is sure: The expectation was in vain, since feed was not given. Calculations were presented, according to which it turned out that even so the republic gave more meat and milk than it received grain for hog and cow fattening. Is this logical? To be sure. But only if we count in rubles. But, as is well known, the Union buys grain with foreign currency. The equivalent should be completely different.

In Latvia 100 percent of the poultry and the bulk of the hogs and cows are fed with imported grain. We asked agroprom specialists: Why, while advocating market relations, is it impossible to conclude direct contracts and to deliver the necessary quantity of grain to the republic? They began to convince us: They did everything that was in their power. After that, as during former times, they set out with a petition to Moscow: Revoke the fine sanctions for last year's underdeliveries, otherwise we will lose all poultry and a significant part of the hog stock. They returned from the capital in February, if not fully satisfied, nevertheless reassured: They were promised that the 184,000 tons of grain taken away in February would be returned. The distributor proved to be more magnanimous than the market.

Approximately the same story also happened with paper. However, it was reversed: Latvia did not give a special grade of paper of the Slokskiy Pulp and Paper Combine. Therefore, deliveries of paper for newspapers and books from Union stocks to the republic became very problematic. Mailboxes without newspapers, intentionally or not, became an eloquent evidence of the absence of a market.

In brief, the republic is attached not to the Union market, which does not exist or is very weak, but to the Union distributor, which acts according to administrative, not economic, laws.

It cannot be said that the republic does not gravitate toward the Union's administrative structures, which guarantee deliveries. After all, if they did not exist, it would be necessary to make arrangements about feed, paper, cotton, petroleum, and so forth with other republics or even enterprises. But this is troublesome. Who knows where the enumerated goods will go if their producers are freed from the Union's metayage and

receive the same economic freedom as the Baltic region? It is quite possible that raw materials, which are less sensitive to quality as compared with final products, will not be in the Baltic region, but on the world market. Apparently, that is why the "letter of guarantee"—decree No 120 signed by chairmen of USSR, Latvian, Lithuanian, and Estonian councils of ministers on 7 February—is published. Attachment of centralized deliveries from the Union distributor to the Baltic region is the essence of this agreement. Thereby, the economic freedom of the Baltic region is guaranteed by the lack of economic freedom of other territories. After all, in order to provide the Baltic region with resources, the center takes away from Gorlovka (cement), Kemerovo (coal), Kondopoga (paper), the Komi ASSR (timber), and so forth—precisely takes away and not buys.

Let us recall the December "wine riot" in Sverdlovsk, or the introduction of "visiting cards" in Leningrad. In our opinion, both situations clearly showed what initially was hidden behind the piling up of emotions, superficial evaluations, and momentary reaction, that is, everyone needs economic freedom. Or let us recall how neighbors from Pskov and Novgorod were outraged after the introduction of restrictions on purchases in Leningrad. After all, neighbors from Estonia, who were zealots of "their own market," pushed the people of Leningrad to this decision. The situation is simple: If one imposes restrictions, he also forces the one next to him to do this, otherwise he will not survive.

The reader has the right to ask: What do Latvian economists think under these conditions?

As happened in our history before, economy and policy again go hand in hand. A louder, more garish figure—policy—urges on and, alas, economy drags behind. The main thesis is as follows: At first, political independence and then new economic relations will come. That is, the existence of political borders will force the organization of trade across these borders. However, the whole question is: What kind of trade will this be?

Alternatives are possible. One of them is now popular: This is trade according to government agreements of former Union republics. We would call this alternative intercabinet trade. For example, the Government of Latvia sells a railroad car of meat and the RSFSR Government sells a tank of petroleum instead. As is well known, things have not yet come to this, but it is possible to discuss prospects, using, for example, trade relations of Latvia and Hungary as an example. Latvian SSR Trade Minister Rudolf Salputra said that Hungary agreed, for example, to exchange one automatic coffee machine for some "Zhiguli." It remains to calculate how many railroad cars of meat will the consignment of machines from Tolyatti cost the republic.

The saddest thing is that it will not be possible to exchange all the necessary mass of commodities according to intergovernmental agreements. After all,

goods and complete equipment with hundreds of thousands of components, not only petroleum and meat, connect republics. Nonobservance of any of them leads to a chain reaction—underdeliveries, stoppages of conveyers, and an empty cash desk. No one wins from this—there will be only losers. Therefore, not cabinets, but producers themselves, should trade. This is a market, which does not exist. Here is an admission by Aldis Zitsmanis, director of the Riga Kompressor Plant:

"To be honest, our first independent steps instill some lack of confidence in us. Naturally, with the shortage of material and technical resources, supply problems are brought to the forefront; for example, for our enterprise—metal and complete equipment. Their financing comes from the Union. Previously ministries helped us, but now the dialogue is as follows: You want independence, get out of the difficulties yourselves. We establish direct relations with many supplier plants. What do we have? A second-grade quality of deliveries and shackling contract terms. Prices of complete equipment are rising everywhere."

Unfortunately, the situation at the Kompressor is not the exception, but the rule. At the republic's Association of Industrial Enterprises we were told about numerous difficulties of this type.

However, these difficulties push policy forward to an even greater extent. They feed it. In order to substantiate the idea of independence, the concept of a blockade economy has been put forward. What will be if the East abandons us? According to this model Latvia looks as a bunker bristling with customs, licenses for import and export, and its own currency. A bunker economy consists of a system of panaceas. Panacea—ports; panacea—tourism; panacea—our own currency. People believe very much in these panaceas and permit black to be turned into white with a dizzying speed. Not long ago Ventspils, where enterprises for the transfer of chemical freight are located, in all corners was declared the primary evil for Latvia and its people. But according to the concept of independence this is almost the only substantial source of foreign currency. With a bunker economy, which can be only an administrative-command economy, it is possible to live "in Ventspils" or, for example, in the port of Riga, but what will the market say? A. Berg-Bergman, chairman of the board of the Latvian Bank, spoke out about Ventspils with well-reasoned arguments:

"Let us now take just our need for currency: payment to those who go abroad. Where to get it? People say, in Ventspils, for example. Since people breathe poisoned air there owing to petroleum and gas transportation, let them take more for this in currency. This demand is more than legitimate. But why Ventspils residents, having received it, will not spend it on their needs, but give it to someone for trips? Yes, other industrial or agricultural enterprises have the right to think, first of all, about themselves. Since an abundance of currency is not foreseen in the republic in the visible future, for now

is it not more reasonable not to tear the threads connecting [us] with the Union State Bank and not to separate ourselves completely from it? I foresee in advance accusations of a 'lack of patriotism' and of a lack of desire for absolute independence. Not at all. I simply propose that all of us and those that will make the final decision look before leaping."

It has long been known that no man is a prophet in his own country. Therefore, let us hear what Gundar Keninsh-King, dean of the Faculty of Business at Pacific Lutheran University in the United States, an American of Latvian origin, thinks about panaceas for the economy. He expressed his opinion in an interview in the newspaper LATVIJAS YAUNATNE: "For example, you think a great deal about tourism. But you forget that both highly educated people and people who are only required to make beds work in this sphere. Tourism concerns your guests from abroad, whose needs and wishes you do not know. I see that you reason approximately as follows: If you like kefir in the morning, all other people in the world also like it."

The third panacea is our own currency. Everything that has been written about it in the republic can now be reduced to one thing: the Latvian monetary unit—lat—should look good and crackle pleasantly in the fist and, above all (this was pointed out under the conditions of the contest for the image of the new money), the following inscription should not be forgotten: "The notes of the Latvian Bank are secured by gold and stable foreign currency." But let us hear again Keninsh-King, to be sure, a man with authority in the republic, who makes every effort to help Latvia's economy. In the same interview, he stressed that political development had an economic side. For example, in the opinion of the Latvian from America, there is no need to rush with our own bank notes: "If Latvia introduces a weak monetary system, it will show the world how weak, in fact, you are."

Now it is already clear that the formation of the market is a long and contradictory process: freeing the producer from administrative clutches, leading enterprises to a nondepartmental status, increasing the economic role of municipalities, and developing cooperative and private structures in the economy.

The economic independence of present state enterprises is the most complex problem. V. Gerasimuk, director of the Riga Tobacco Factory, is full of ideas. For example, four similar factories in Riga, Klaypeda, Tallinn, and Kaunas should be united, because there are possibilities for this, and after the unification together they should place all orders and storm the Western and Eastern market. However..., for now the Riga Tobacco Factory has been attached to the new authority in the republic—Latpishcheprom. The director thinks that it cannot solve anything. But it takes away 30 percent of the profit and, moreover, depreciation allowances, to the last kopeck. As before, the enterprise itself handles spare parts and

supply. In V. Gerasimuk's opinion, in such a situation it will go on for 2 or 3 years, but what will be next?

There are more questions than answers. The path to the market is longer than it seemed at first. However, enterprises are going toward economic independence, because there is simply no other way to the market. The republic's Ministry of Economy, the head of which 46-year old Yanis Aboltinsh has become quite recently, also understands this. The fight for administrative rights of republic bodies of economic power has given way to scrupulous work on an entire package of laws—on property, on entrepreneurship, on taxes, and on joint-stock companies.

When economy is normal, policy steps back. Now we have an abnormal economy. It provokes centrifugal forces, the republic's secession from the federation, and door banging. This will continue until we transform the Union into a market and enable producers to freely buy what is necessary and to sell what has been made. On the basis of such an economy the need for supranational political structures will arise inevitably. This will be a federation, which all of us in no way can fill with a new content.

#### **UkSSR Council of Ministers Chairman Assesses Perestroika**

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[Interview with V. Masol, chairman of the Council of Ministers of the Ukrainian SSR, by G. Kosykh: "No One Teaches Us Perestroika"; date of interview not given]

[Text] Kiev—*Pages of His Biography. Born in 1928, a Ukrainian. Graduated from the Kiev Polytechnical Institute. Member of the CPSU Central Committee. Began his work in 1951 at the Novokramatorskiy Machine Building Plant, where he went from being a foreman's helper to director. In 1971, he was appointed general director of the production association of Kramatorsk plants for heavy machine building and a year later he became first deputy chairman of the Ukrainian SSR Gosplan. Beginning in 1979, he was deputy chairman of the Ukrainian SSR Council of Ministers and chairman of the republic's Gosplan. In July 1987, he was put in charge of the Ukrainian SSR Council of Ministers. He is a people's deputy of the USSR and Ukrainian SSR and a member of the Politburo of the Ukrainian Communist Party Central Committee.*

[Kosykh] Vitaliy Andreyevich, you were in charge of the republic's Council of Ministers when the economic reform took its first steps. In your opinion, how justified are the hopes linked with it?

[Masol] To draw correct conclusions about such a complex process as the economic reform, it is necessary not only to take into account its external manifestations but also to dig a little deeper and to see what will determine

the face of tomorrow's economy. I will explain this idea in an analysis of the results of the work of the national economy last year. If we judge by statistical data alone, then today in particular, when it is fashionable to criticize everything, the following things may stand out: the reduction of the dynamism of development, the lagging of several branches behind planned targets, the lack of market balance and other negative phenomena. They do indeed seriously complicate the economic as well as the social and political situation.

But there is another side to the matter. Radical changes are taking place in the structure of the economy and it is undergoing a social reorientation. For example, the rate of increase in the output of consumer goods exceeded the increase in the production of the means of production by a factor of 3.4. We have not known this before. A larger and larger share of national income is going into consumption and nonproduction construction. This made it possible, in particular, to increase noticeably the rate of construction of housing in comparison with the preceding five-year plan. The conversion of defense branches has begun. We were able to eliminate the republic's budget deficit of 1.8 billion rubles and to reduce emissions substantially. This was achieved through a lessening of nonproductive expenditures, a reduction of the unprofitableness of enterprises and an intensification of the saving of financial resources.

And can one really fail to pay attention to the increased independence of enterprises? (It is another matter that not all labor collectives utilize this independence for the good of the society.) They have been given the right to use part of produced output at their own discretion, to choose the form of management, to establish joint ventures and to join associations, consortia, concerns and other unions. This establishes the preconditions for the resolution of many urgent national economic problems in the near future, above all that of the saturation of the market with goods.

In short, overall the economic situation in the republic is not so bad.

[Kosykh] Still, many think that the reform is not yet as effective as it needs to be.

[Masol] I also think that it could be more effective. What is interfering? In my view, we were hasty in carrying out measures that were not well thought out—say, the fight against alcoholism, the elective nature of enterprise managers and the adoption of some economic decisions dictating a reduction of the volumes of production when there is an unjustified increase in wages. The implementation of the economic reform was complicated by a number of unforeseen circumstances: the severe consequences of the Chernobyl accident, the earthquake in Armenia, the interethnic conflicts and the strikes.

All of this had an effect on the economy of the republic. More than 2 million man-days were lost because of the strikes in the mining collectives, for example. It was not possible to make up for this. Interruptions in the work of

rail transport created great difficulties for metallurgists, electric power workers and machine builders as well as in the provision of the population with goods.

We frequently encounter group selfishness. Many enterprises accept lowered plans and reduce protection behind the shield of independence. Because of this, last year alone we received almost 1.2 billion rubles less than we should have of different consumer goods. Last year, for example, the enterprises of union subordination produced more than 110,000 television sets, 85,000 electric vacuum cleaners and almost 53,000 radio receivers less than planned.

Many collectives improve their material position without a corresponding rise in the output from labor. For this reason, money payments are increasing twice as fast as national income and exceed the output of consumer goods. And this does even more to disturb the balance in the consumer market and produces social tension.

[Kosykh] Much is being said about the negative influence on the course of reform from mistakes and miscalculations by the government. A number of documents adopted by the government did not hold up to the test of life and other decisions are late. All of this is restraining the pace of the reforms that have been started.

[Masol] The restructuring of the economy is not as simple as it may have seemed to many at the beginning. For no one is teaching us perestroika and how to resolve the problems that have accumulated over decades. We must find the correct path ourselves. This search will be fruitful if it is led by knowledgeable people. In my view, we made many mistakes in the first years of perestroika because of the fact that several branches were headed by workers who were not especially competent. This is why it is so necessary today to have personnel capable of actually applying the best scientific achievements in the economy and management and the considerable practical experience gained here and abroad.

[Kosykh] In the years of the work in the republic Council of Ministers, you have obviously developed some definite principles that guided you in making administrative decisions. What are they, if it is not a secret?

[Masol] I will name just the main ones, if you have no objection.

In the analysis of all the questions and the preparation of action programs, whether this involves an individual enterprise, region or republic, we should proceed on the assumption that the national economy must develop dynamically. This is the basic principle, for any interruption and reduction of the volume of production will automatically be reflected in the work of other branches and, in the final analysis, in the well-being of people.

In the second place, every decision must pursue the objective that the needs of the people and national economy be satisfied above all and fully. Following this

principle, the government of the republic always gives a suitable assessment of attempts to put departmental, local or group interests above public interests.

In the current transitional stage, it is necessary to combine command-administrative and economic methods of management reasonably with the gradual increase in the latter. This is the third principle.

The next is that the people's standard of living must increase steadily. There are a great many components here. One such component, for example, may be the compulsory increase in the volume of the commodity turnover and services. But one must not, of course, permit this to take place at the expense of an unjustifiable increase in wholesale prices.

Finally, today any economic activity and any program must be assessed from the point of view of ecological consequences, whereby here, as in anything else, a reasonable approach is needed.

[Kosykh] You touched on one of the most acute problems that concerns all of us today—the ecological situation in the republic. What course is the government proposing for its normalization?

[Masol] According to the government, the ecological situation here is very strained and in individual regions it is close to critical. We need the most radical measures to normalize the environment. We are giving priority to the implementation of an ecologically based strategy for the further development of the republic's economy. Fundamental changes are foreseen in its structure, a reorientation toward the priority development of the processing, food and light industry and an expansion of the production of consumer goods. The resource and production potential must be aimed primarily at the production of science-intensive output, at those spheres of activity that help to improve the lives of people. No new projects can be carried out without ecological consultation. The Council of Ministers obligated Gosplan, the ministries and departments of the republic to be sure to consider all tasks in the preservation of the environment in the draft plans for the next 5 years.

[Kosykh] Obviously much in these plans will provide for the normalization of the situation in rayons suffering from the Chernobyl accident?

[Masol] Chernobyl is our greatest pain. Much has already been done to overcome this calamity. But the situation remains tense and is causing particular concern to the government. The Ukrainian SSR Council of Ministers is in favor of the development of a national program on this problem and of the more active participation of union ministries and departments, especially the USSR Ministry of Atomic Energy and Industry, in the performance of the necessary work.

The public of the Ukraine is engaged in a critical discussion of the question of the future of the Chernobyl Nuclear Power Station. The prevailing opinion is that it

is necessary to shut it down as soon as possible. But this matter is not as simple as it may seem at first glance. It requires detailed study. For this reason, the Ukrainian SSR Supreme Soviet asked the government to prepare a special program for its staged resolution. It must provide, in particular, for ways to ensure a dependable energy balance in the republic before the station stops generating current.

[Kosykh] And in conclusion, Vitaliy Andreyevich, the following question. The general concern of people about the state of the environment called to life dozens of public associations to protect the environment. How do you see assess this phenomenon?

[Masol] I think that the mass movement to improve the environment and to defend ecological demands is a noble and patriotic matter worthy of every support. And this is not just words. For example, representatives of several informal associations, including "Zelenyy Mir" [Green World], are already participating in the preparation of decisions of state bodies to preserve the environment and are cooperating with local soviets in the resolution of these problems.

In the future as well, the government of the republic is open to constructive cooperation with public organizations if they, of course, do not limit their actions merely to slogans and appeals but are prepared for intensive joint work. This involves not only ecology but also any other specific work.

### **Low Investment Threatens Ukrainian Economic Potential**

904A0388A Kiev *EKONOMIKA SOVETSKOY UKRAINY* in Russian No 1, Jan 90 pp 14-24

[Article by Doctor of Economic Sciences V. Geyets: "The 'Accumulation-Consumption' Ratio and Economic Development Strategy for the Ukrainian SSR"]

[Text] Irrespective of the social forms of production and the attained level of its development, the basic scheme of expanded reproduction, which reflects in each case any change in the content of the basis and in the relationship among the factors determining it, itself remains the same. This provides a possibility for relying on this scheme when studying the economy's development. Specifically, the tendency toward expanded reproduction in each stage of the economy's and society's development is on the whole objectively necessary, inasmuch as every socioeconomic formation must not only maintain the particular level of consumption it had attained previously, but also show concern for continually increasing it, in view of the action of the law of increasing demand. The manifestations of this tendency are determined on one hand by the natural state of interaction between nature and society, and on the other hand by all of the forms of activity in which man engages in order to survive. With time, not only does the relationship among these components change, but also each of the components undergoes continuous transformation.

The following can be distinguished among the most important and constantly operating factors determining the dynamics and structure of the demands of the entire population, and associated with the natural interaction of the population's individual structural groups, with regard for the degree of their influence upon the environment:

- universal or partial dissatisfaction with the attained level of consumption of material and (or) spiritual blessings, and correspondingly the desire to increase them;
- differentiation of consumption levels both among countries and within each country, and correspondingly the desire to equalize these levels;
- continuous development of scientific and technical progress with the purpose of reducing the degree of man's anthropogenic influence on the environment and ultimately achieving more effective use of nonrenewable natural resources, and their preservation for future generations;
- the desire to alter toilsome forms of human activity, and to create conditions for man's comprehensive development, chiefly by penetrating more deeply into the secrets of the material world and mastering the forces of nature and society.

Besides the above, the performance itself of any forms of activity which man has mastered also leads to expansion of previously unknown demands. These demands come into being primarily in view of productive and economic activities.

These demands of the population are satisfied through continuous interaction between existing (accumulated) productive forces, which include the implements of production and manpower and which interact by way of a system of continually changing production relations. Owing to this interaction, usable products intended to support industrial production and consumer goods are manufactured, and services are rendered, utilization of which permits renewal and expansion of the society's productive forces. It is therefore fully understandable that unsatisfied demands of the present and the new demands of the future require constant accumulation of the implements of production, progress in technology, production procedures and production organization, and simultaneously, accumulation and progressive change of knowledge, occupational proficiency, qualifications, culture, education and other characteristics typical of live labor, as well as nonproductive accumulations. Even when the discussion turns to increasing production volume through improved utilization of the existing productive potential, through reduction of losses and through improvement of the organization of production and management, these reserves are still the result of earlier accumulation that has not been fully utilized.

A new production cycle is predetermined by a previous one chiefly in terms of the nature of previously accumulated implements of production. Consequently it would be proper to view the effect of production over any small



time interval as a result of materialized and live labor. The effectiveness of scientific and technical progress embodied within the implements of production is realized through the outlays of past labor, while the magnitude of this effect depends on how effective the live labor had been in its time. It is precisely for this reason that material outlays have a direct bearing on growth of national income, rather than simply being a component of the gross social product.

It is important to remember in this case that if the effectiveness of presently utilized living labor is below a certain norm, effectiveness embodied as a result of past labor will not be able to manifest itself; in view of this, the organization of labor, professionalism and its qualifications are inseparable conditions of progress in economics, technology and science.

If we consider the results of the past year—the accomplishments of scientific and technical progress for example—from the standpoint of their effectiveness not being adequate to the requirements of the given moment, then we could naturally conclude that new labor, no matter how effective it might be, could influence the effectiveness of future labor only after it itself becomes past labor. At any given moment, the evolved trend in the effectiveness of past labor operates objectively and, within certain bounds, independently of the effectiveness of new labor. Thus if we consider long periods of time, then we should use national income to assess the prospects for economic growth and the relationship between outlays and results. This means that national income is a source of growth of the scale of social production on one hand, and a means of raising the level of satisfaction of the population's demands on the other. Consequently, the "accumulation-consumption" ratio in utilized national income, which characterizes the latter's distribution, is the basis of the system of the economy's reproductive proportions and the most important regulator of its growth.

We can use available information on the results of mean annual growth of produced national income between 1966 and 1988 for a comparative analysis of change in the norm for accumulation of national income utilized for consumption and accumulation and the mean annual output-capital ratio; such analysis reveals that the dynamics of these two factors are practically completely identical. The continuous decline in the accumulation norm corresponds to a constantly decreasing capital-labor ratio (including that associated with the increment in national income), and correspondingly to a drop in mean annual growth of produced national income. Not even the 11th Five-Year Plan was an exception. During it, mean annual growth of national income exceeded by 0.3 percentage points the indicators of the 10th Five-Year Plan. However, what we should distinguish among the causes explaining the certain increase in the rate of growth of produced national income in the Ukrainian SSR in this period is not so much economic investment activity as organizational measures, which of course are not distinguished by a long-lasting effect. As a result mean annual growth of produced national income dropped to 2.8 percent in the Ukrainian SSR in the past 3 years of the 12th Five-Year Plan, which is below the level of all observations presented in the graphs covering a period of more than 20 years.

Owing to this, the republic is deprived practically completely of the possibility for increasing both its consumption resources and its accumulation resources. In such a situation one would not even have expected high results in economic development in the 12th Five-Year Plan, inasmuch as fundamental changes were not accomplished in turn in investment, scientific, technical and structural policy.

Before going on to a more-detailed analysis of the conditions and factors of the Ukrainian SSR's economic development in the past and future periods, it would be suitable to explain one of the important inconsistencies

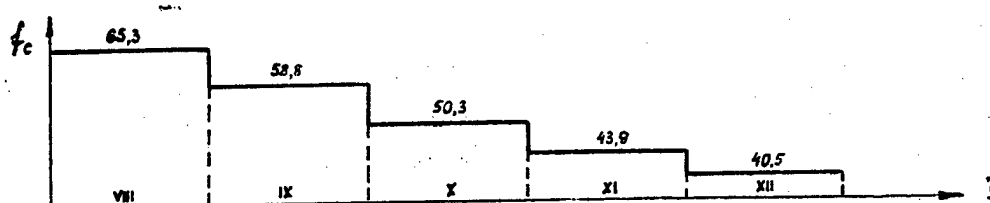


Figure 1. Graphical Interpretation of the Dynamics of the Mean Annual Capital-Labor Ratio (Ordinate—Kopecks) With Respect to Five-Year Plans in the National Economy of the Ukrainian SSR

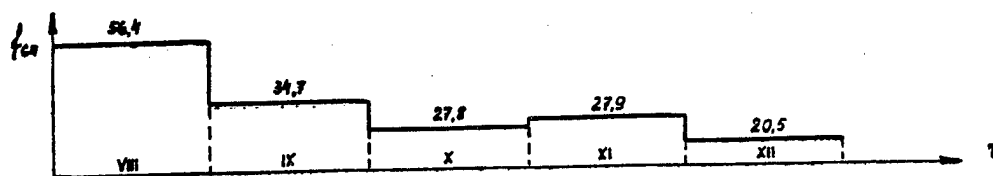


Figure 2. Graphical Interpretation of the Dynamics of the Mean Annual Capital-Labor Ratio Increment (Ordinate—Kopecks) With Respect to Five-Year Plans in the National Economy of the Ukrainian SSR



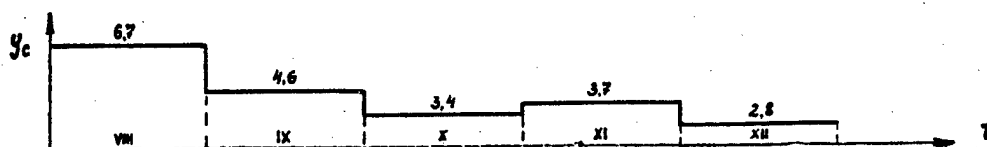


Figure 3. Graphical Interpretation of the Dynamics of the Mean Annual Increment of Produced National Income (Ordinate—Percent) With Respect to Five-Year Plans in the National Economy of the Ukrainian SSR

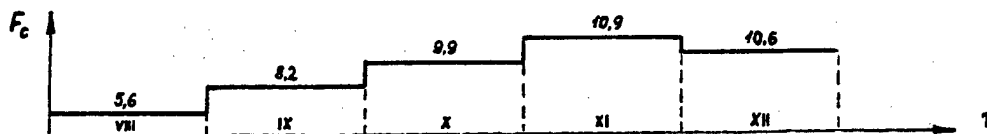


Figure 4. Graphical Interpretation of the Mean Annual Increment of Fixed Productive Capital (Ordinate—Billions of Rubles) With Respect to Five-Year Plans in the National Economy of the Ukrainian SSR

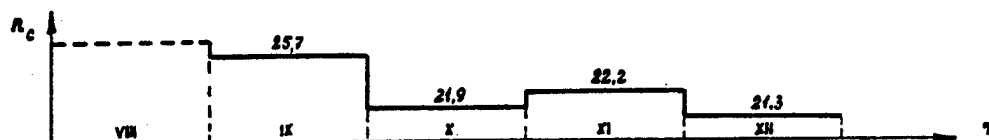


Figure 5. Graphical Interpretation of the Dynamics of the Mean Annual Accumulation Norm (Ordinate—Percent) of Utilized National Income in the Ukrainian SSR

in figures 4-5. It is evident from Figure 5 that between the 8th and 10th five-year plans inclusively, a stably decreasing trend was observed in the mean annual norm of accumulation of utilized national income in the republic; however, at the same time the growth of fixed productive capital was extremely significant, especially in the 9th and 10th five-year plans, even though it did not produce the desired result in terms of not only accelerating but even maintaining the rate of growth of production of national income. The fact is that the indicators for withdrawal of fixed capital dropped significantly in the indicated period. This led to excessive accumulation of worn and obsolete capital; because it was not replaced, it provided a possibility for utilizing depreciation deductions as a source of capital investments by which to implement once-again inadequately effective programs of new construction.

Thus although the quantity of capital increased, growth was achieved predominantly owing to the structural factor, which did not have a positive influence on economic development, and only hypertrophied our notion of the magnitude of its accumulation due to gross assessment of changes occurring in the material base of production in the republic. Inasmuch as creation of new production operations was not distinguished in this period by a high scientific and technical level—both due to the technical and technological backwardness that made itself known, and due to lengthening of construction time, it turned out that investment of assets not into reconstruction and replacement of obsolete production operations, but rather into new construction, was the wrong strategy. It did not account for conditions and factors determining the future state of the economy as a whole.

Economic development, both in the country as a whole and in the Ukrainian SSR, is presently characterized by a far from equilibrium state, inasmuch as the balance between production and consumption and between solvent demand and supply has been disturbed, because there are enormous budget deficits, and because the ecological situation is at the breaking point. All of this is a consequence, on one hand, of exhaustion, in the strategic sense, of both labor and material resources and financial resources for extensive growth of production and of reduction of the effectiveness of the influence of scientific and technical progress on economic growth, and on the other, of an obsolete system of managing the economy, one unable to support development and implementation of a thoughtful economic strategy.

The nature of the influence of the most important factors on economic development today is such that they are all typified not only by decisive significance but also by long-term trends in change of their influence. According to my calculations, given that we implement intensive perestroika in the economy, it will take a period of not less than 10 years to attain fundamental changes in both reproduction and consumption. Qualitative transformations in the economy and in factors determining its growth must become the primary foundation for this. As we know, the focus was placed in the current five-year plan on utilizing qualitative factors of economic growth. In particular the objective was to make economical use of all resources, including manpower, which should have compensated for the absolute decrease in the quantity of manpower employed in material production. If we were to assess this process in its dynamics, we would find that the positive trend of interest to us has only just begun to make itself known in the 12th Five-Year Plan, and that

it must be preserved in all three subsequent five-year plans. It has manifested itself most graphically as decreasing employment of the working population in material production. This process is long-term, and its peak should occur within the 14th Five-Year Plan. In the 13th, according to my calculations, around 350,000 persons employed in material production are to be freed. By the year 2005 this figure may total 1.3-1.5 million persons. Such freeing of manpower will require significant investments into material production. In turn, employment will have to be found for this employable population in the nonproductive sphere, which will also require investments. It is necessary to do this on one hand with the goal of satisfying the population's social needs—predominantly in public health, education and culture, and on the other hand to increase the volume of paid services and thus increase satisfaction of the population's solvent demand. Such processes predetermine the need for raising the proportion of accumulations in utilized national income. Long-range analysis shows that even if this shift were to occur in the employment structure of the employable population, difficulties in covering the population's solvent demand will persist even if the influence of currently operating negative factors, which are responsible for creating monetary income for the population that is inconsistent with the quantity and quality of labor, is minimized.

The idea that wages in the material and nonmaterial spheres will increase in the future must be our starting point. This will be the product chiefly of expedient growth of labor productivity, which is the most important condition for further progress of the economy as a whole. Artificial measures restraining growth of the income of laborers, primarily in production and science, only aggravate the difficulties in supporting further economic progress. At the same time, in the immediate future we will have to change the means by which the monetary income of the population is formed; the situation in this area has grown especially critical in the last 2 years owing to mistakes in the reform of the economy's administration. Because of a lack of integration in adopted decisions, a situation has been created where the wage fund is now related to gross income rather than to the quantity and quality of labor. This caused a structural reorientation of production in the direction of a more expensive assortment, coupled with payment of wages that are not really compensated by goods of the required quality, assortment and price. Moreover a possibility for transforming unavailable money into available money appeared. Deferred demand is growing as a result, expressed as, among other things, an increase in deposits into USSR Savings Bank institutions. Thus the total deposits by the population of the UkSSR in 1986 and 1987 increased annually by 9.5 percent and 9.2 percent respectively, in the presence of a significantly lower mean annual rate of growth of national income (see Figure 3). If the existing tendency for growth of the population's monetary income persists, given the limited possibilities for growth of production and for purchase of

goods abroad, the problem of satisfying consumer demand for goods will not be resolved without profound economic upheavals.

The way out of this situation will be rather long, which is why the appropriate tactics and strategy must be developed for this period. In 1990 we will have to begin implementing strategic measures extending over two five-year plans. We can anticipate results from them only in the event that we ensure the success of effectively implemented preventive measures which would avert further worsening of the situation associated with growth of the population's unearned monetary income on one hand, and which would ensure distribution of available stockpiles of produced and purchased consumer goods on a democratic basis on the other. A system of such measures has now been proposed by the country's government, and it is being widely discussed in the press. For the most part they involve redistributing limited stockpiles of consumer goods more fairly. However, it is impossible to solve the problem of satisfying the population's demand by this means—it can only weaken the tension. Consequently the only solution left to us is to intensively increase production, primarily of consumer goods. It would be natural under these conditions to assume a strategy based on hastening growth and changing the sector structure of production in group "B" industry; on increasing the volume of public services by utilizing more-qualified manpower freed from material production; on improving the structure of paid public services both by improving their quality and by changing pricing policy; on encouraging the public to invest its assets into the development of enterprises, including agricultural ones; on expanding diversification of individual production operations of group "A" sectors in order to allow them to produce goods manufactured by group "B" industry, and so on. Changes that may possibly occur in these directions will activate the factors which promote change in the structure of the distribution of national income in favor of a higher proportion of consumption in utilized national income. This kind of strategy is currently enjoying the widest support. The principal argument in favor of such structural changes in the economy is the rather high level of already existing accumulations, which have led to creation of a huge production potential. At the same time the arguments by which this conception has been supported thus far are poorly developed in terms of their internal content. Research on the problems of productive accumulation in the Ukrainian SSR's economy, conducted by a group of associates<sup>1</sup> of the Economics Institute of the UkSSR Academy of Sciences and the UkSSR State Committee for Statistics on the initiative and with the direct participation of the author of this article, showed that contrary to the planned targets, the accumulation norm is actually declining in the 12th Five-Year Plan. We have been able to increase only the norm for nonproductive accumulation, which was brought about by the need for solving the problems that have accumulated over a period of many years in the nonproductive sphere. Thus in 1986-1988 the cost of fixed capital in municipal management and

consumer services increased by 20.5 percent, fixed capital in public education increased by 18.5 percent, and in public health, physical culture and social welfare it increased by 14.8 percent. Utilization of short-term factors of economic growth was proposed for this purpose, without significantly affecting productive accumulation, but in reality, a sizable share of the output capacities of construction organizations was transferred from productive to nonproductive facilities. Owing to this, the planned rate of introduction of new output capacities is not being maintained, and obsolete capital is being replaced at an extremely low level and without significant changes. Machine building and capital construction have found themselves unprepared to achieve the goals of intensifying production and amplifying the social direction of economic development. Under these conditions, given the fact that the targets of 3 years of the five-year plan pertaining to technical renewal of the existing productive apparatus have not been fulfilled, adjustments were made in the plans for 1989 and 1990 (in comparison with the five-year plan) with the purpose of raising the proportion of the consumption fund in national income; this adjustment is to be made by means of measures to additionally develop group "B" industrial sectors.

Thus the process of accumulation in the Ukrainian SSR has found itself in sharp contradiction with the demands of expanded reproduction, and consequently with the prospects of economic, scientific, technical and social development. The norm of accumulation in utilized national income is continually declining. Thus in 1988 it was 19.6 percent, as compared to 21.5 percent in 1985 and 26.8 percent in 1970. In this case the proportion of accumulation of fixed productive capital in the structure of total accumulation declined from an average of 39 percent in 1961-1980 to 27-28 percent in 1981-1988, which has no analogues in world economic practice. In the USA for example, the proportion of productive accumulation in the structure of the accumulation fund averages 60 percent. In this case the norm of productive accumulation has been steadily increasing in recent years, and in 1987 it attained its highest level of the last 50 years.

The absolute dimensions of accumulation of fixed productive capital remain practically unchanged. The dimensions of investments are currently such that they are not even enough to compensate for wear of fixed capital, that they cannot even support simple reproduction of fixed capital. In 1988 the total wear of fixed productive capital exceeded the volume of new capital introduced by 6.6 percent, to include by 10.7 percent in industry and by a factor of 1.4 in construction. Such ratios between introduction and wear of capital are not observed in any developed country of the world. In the USA for example, the ratio of wear to introduction of capital was 65.4 percent in 1987.

The Ukraine occupies one of the last places among the union republics in intensity of investment activities. Thus in 1981-1988, per-capita capital investments in the

Ukrainian SSR were 498 rubles, as opposed to 648 rubles in the country as a whole, 783 rubles in the RSFSR and 614 rubles in the BSSR. This is at the same time the nature of the productive potential accumulated in the republic, internal specialization of production, which is oriented on its capital-intensive forms, and the objectives of further development of the economy predominantly through qualitative changes in the material base, require the reverse.

The situation is aggravated by the **quantitative approach to forming the material and technical base of production**. In the last 20 years, an average of 22 percent of the cost of fixed productive capital introduced annually went toward compensation for its wear, which was only 67 percent of the demand, including 53 percent in industry, 81 percent in agriculture and 30 percent in construction, and this led to its faster wear. As a result **reproduction of fixed capital took the form of repairs predominantly**, such that the absolute value of accumulation is currently determined for practical purposes by the amount of completed overhauls. Keeping fixed productive capital working by means of repairs resulted in a situation today where the average time of service of fixed productive capital exceeds the sensible standard by a third.

**Replacement of capital** is not only inadequate in quantitative respects, but it is also irrational in structural respects, inasmuch as accumulation of its wear is inconsistent with its introduction. This led to disproportions within and between sectors, and made implementation of adopted planning decisions difficult. The most unfavorable situation evolved in construction, where growth of capital is three times lower than its wear. Because the sector's material base is in such a state, practically the entire program of productive and nonproductive construction is not being met.

The required consistency between accumulation and replacement of worn capital over time is absent. **Only around 30 percent of fixed productive capital is replaced upon expiration of its standard time of service**. When it comes to the rest, disproportions occur, associated on one hand with delays in withdrawing worn equipment and on the other hand with premature write-off of undepreciated implements of labor.

In recent years the volume of prematurely written-off facilities has increased, owing to which the losses from their insufficient depreciation were around 0.6 billion rubles just in 1988 alone. Under these conditions overdepreciation is a forced measure, since the resources for replacing fixed capital are limited, while investments made as compensation for prematurely withdrawn capital and the freezing and reorientation of construction create additional difficulties in investments. Thus the possibilities for economic maneuvering, which is extremely necessary in the face of the currently existing shortage of all types of resources, are reduced.

Today 25 percent of the value of fixed productive capital is represented by completely worn capital; of this

amount, 15 percent consists of facilities that are being utilized beyond their standard life by a period of many years. The coefficient of withdrawal of fixed productive capital fails to meet the depreciation norm in every sector of the national economy. Not only obsolete equipment but also many passive facilities that cannot reasonably be rebuilt need to be written off in the immediate future.

Because the failure to withdraw fixed capital has become a chronic problem, outlays on its overhaul distract significant resources, which attained 9.3 billion rubles in 1988. By removing obsolete fixed capital from operation, we would be able to save material and labor resources required for its repair, and these resources could then be channeled into new output capacities that are currently underutilized for various reasons, including a shortage of manpower.

**The reserves of uninstalled equipment are being insufficiently utilized** as a means of increasing replacement of active fixed productive capital. These reserves were estimated at approximately 1.7 billion rubles as of 1 January of last year. The largest volumes of uninstalled equipment have accumulated in coal industry, ferrous metallurgy, power engineering and electrical engineering industry.

**Indicators characterizing accumulation of material working capital** [materialnykh oborotnykh credstv] MOS are also not the best. The reserves of such capital totaled 74.7 billion rubles in 1989. This is an enormous sum, though it has been noted to be declining in the last few years. For 20 years the increase in working capital exceeded the rate of economic growth. Thus the reserves of commodity and material valuables increased by a factor of 3.6, the gross social product increased by a factor of 3.2, and produced national income increased by a factor of only 2.6. Consequently the turnover coefficient, calculated in relation to national income, dropped from an average of 1.8 in 1966-1970 to 1.3 in 1986-1988, and the duration of a single cycle increased to 275 days—that is, by 100 days, which is equivalent to a shortfall of 28 billion rubles in national income. At the same time, in just 3 years of the 12th Five-Year Plan the trade system failed to receive over 8 billion rubles' worth of the planned volume of commodity resources.

**The consequences of the decrease in turnover of material working capital include** not only a decline in the effectiveness of social production and in the rate of economic growth, but also **aggravation of the financial deficit**. According to the intersector balance of production and distribution of the social product, in 1987 the financial resources possessed by the national economy for expanded reproduction were estimated at 7.8 billion rubles, or 29 percent of added product created in the production of the implements of production, as compared to 9.3 billion rubles or 46 percent in 1982.

**If orientation of the economy toward the long-range with preferential growth of consumer goods** (subdivision II of

social production) were to be allowed, and if expenditures to maintain the nonproductive sphere were to be increased without significantly changing the material base of production, including in group "A" industrial sectors, possibilities for increasing the potential of expanded reproduction would be undermined. This is associated with the fact that if production volume is increased in subdivision II while the volume of the aggregate social product remains fixed in each planning period, the possibilities of accumulating the active part of fixed productive capital in group "A" industry and in construction would decrease. This must not be allowed to happen. Intensive accumulation of the active part of fixed productive capital is a primary necessity. It would produce a realistic impact in the event that the accumulation norm pertaining to utilized national income remains the same but accumulation of the active part of productive capital doubles. The policy behind these accumulations must be oriented on mass introduction of those progressive technologies which have already found applications in particular instances. Manpower and scientific knowledge that can support these procedures already exist. Introduction of such progressive basic technologies and the corresponding equipment would require relatively smaller outlays of investment resources than would creation of fundamentally new ones and their implementation in production. **In view of the limits on all forms of resources, it will be impossible to utilize fundamentally new technologies on a wide scale in the next 5 years**, because they are significantly more capital-intensive. The only exceptions are the sectors of production and spheres of scientific and technical progress in which scientific and technical accomplishments that appear promising from the standpoint of production development and which exceed the world level already exist. In this case we need to orient ourselves on their further development and utilization, **no matter what the costs might be**. This will require a clear state program. Such an economic policy, one allowing us to create conditions which would maintain the possibilities for strategic success in development of the economy in the future on one hand, and which would permit its integration with the world economy on the other, is a mandatory prerequisite of the economy's long-term development.

The next most important point in the chain of changes in the factors responsible for our economy's development is that of using all possible measures to promote acceleration of conversion at enterprises within the republic and respecializing the released fixed capital for the manufacture of production equipment for group "B" sectors, growth of production of cultural, consumer and administrative goods, and reinforcement of the capital-creating complex, which will make it possible to significantly increase the republic's investment opportunities. In comparison with other union republics, this is an extremely important resource for our republic in terms of both volume and quality. But at the same time, changes of this sort are proceeding with impermissible slowness. The reason for this in my opinion is that there

have been delays in developing the special economic measures we need, ones allowing us to raise the proportion of all subdivision I social production, including in the military sectors, in the production of consumer goods. What we are ultimately talking about is diversification of production, which would allow us to place the resources of group "A" sectors, which have been accumulated but which have not been utilized for various reasons, at the service of development of group "B" industrial sectors. Moreover diversification will make it possible to independently accumulate financial resources in group "A" industry for its own development, in place of the previous and current practice of redistributing such resources by administrative methods.

My calculations show that even the measures listed above would be insufficient to normalize expanded reproduction of the implements of production and to simultaneously increase production of the objects of consumption. In view of this, we need to **reduce, by not less than a fourth, the republic's program of new construction and of expansion of existing enterprises at the expense of all financing resources, without exception**, and thus renew fixed productive capital worth not less than 85 billion rubles through its replacement and modernization. In addition, in order to permit utilization of all that has been created, in the course of subjecting obsolete and worn production equipment to reconstruction and modernization, we urgently need to analyze the economy's disproportions and determine the need for new equipment, utilization of which would make it possible to quickly clear the bottlenecks and increase the quantity of already existing but unutilized output capacities. For this to become a practical reality, the program of new construction and of expansion of existing production operations must be reduced in those sectors in which the equipment already planned for them can be used for the purposes of modernizing production or clearing bottlenecks. Otherwise reduction of the program of new construction and expansion of existing production operations will not produce the desired result. The need for such reduction also stems from the fact that in the last few years, new output capacities have been continually created, but not assimilated. Thus, according to data of the UkSSR State Committee for Statistics, newly introduced and rebuilt output capacities were working at 71 percent of capacity in 1987-1988. The many causes responsible for this situation include the shortage of resources, the disconnected nature of introduced capacities and marketing difficulties. But lack of manpower is an especially important reason. The imbalance between jobs that have been created in the republic, those presently being created and planned jobs is enormous, and therefore this limiting factor will operate for yet another five-year plan, all the more so because, as was mentioned earlier, we still need to redistribute labor resources from material production into the nonproductive sphere. For practical purposes there was a shortage of around 0.7 million persons at the end of the 12th Five-Year Plan.

My predictions reveal that if we are to eliminate the imbalance between existing jobs currently being created

and jobs which will be created prior to the end of the 13th Five-Year Plan, we must spend an average of over 2 billion rubles annually over the next 10-15 years. What does this mean? Considering that in the last 15 years (1971-1985) the outlays on implementing new equipment measures in industry were 1.4 billion rubles on an annual average, and that this made it possible to conditionally save the labor of 112,000 individuals, we will have to spend almost twice more money until the year 2000. Moreover these outlays would cover only the physical replacement of live labor by materialized labor, and consequent creation of the preconditions for transfer of laborers from certain production operations to others. This prediction does not account for the direct and indirect outlays associated with the need for retraining freed manpower or with the certain decline in labor productivity that will be typical of this manpower in the initial stage.

In quantitative respects the required process of substitution of live labor by materialized labor based on implementing new equipment measures in the republic's national economy is characterized by the need for more than doubling either the number of these measures or the effectiveness of scientific-technical measures.

Inasmuch as creation of surplus jobs is a consequence of unjustified decisions on utilizing capital investments, we need to implement measures that would create conditions preventing further deterioration of the situation. Introduction of restrictive measures must become paramount here, and it would be best of all if this were done on a legislative basis.

We need to follow the rule of reequipping, rebuilding, modernizing and expanding existing production without increasing the need for manpower. All necessary manpower transfers should be made within the limits of the given production operation by utilizing any internal manpower that is released, by paying for its retraining and by compensating for losses associated with change of jobs and acquisition of new qualifications.

If it becomes necessary to utilize capital investments for new construction and to create new jobs so as to maintain the manpower balance, the ministry (department), enterprise or association must include in its state plan the capital investments necessary to support the freed manpower and compensate for all possible losses suffered by other production operations in the given region, and it must implement its decision through joint effort in the course of construction.

The economic conditions for such interaction have yet to be worked out. Central planning organs and local soviets will play a very large role in preparing and implementing specific measures by which to ensure observance of the restrictions on creating additional jobs, inasmuch as the necessary preparations will have to be made back in the stage during which production development decisions are drafted.

In order to normalize reproduction of the implements of labor, the enterprises and production associations should liquidate their capital at the moment it is fully depreciated, and ministries, departments and regional management organs should utilize economic methods to promote maintenance of a scientifically justified relationship, so as to break the tendency to accumulate excessive amounts of worn capital. We need to significantly increase the coefficient of liquidation of worn productive capital. Calculations show that it should be at least doubled, but in view of limited investment resources, this would have to be done gradually at a rate of 0.25-0.30 percentage points annually. But in the 12th Five-Year Plan, we will hardly be able to support such an indicator.

The UkSSR Gosplan must develop, jointly with scientific organizations, a program by which to balance existing production operations in relation to individual strategic forms of raw materials, materials, fuel and energy and to increase their amounts in correspondence with the increase in fixed productive capital, which will promote faster turnover of working capital and material reserves. Moreover in order to eliminate the possibilities for utilizing, in production, accumulated but unaccounted working capital and machinery and mechanisms having a destabilizing effect on the economy, we need to conduct an extradepartmental inventory of the implements and objects of labor, and use the results of this inventory to write off, from the accounts of the enterprises, all accumulated obsolete equipment and working capital that worsens the financial, technical and economic results of production. Experience shows that much of what has been accumulated, especially in the MOS cannot even be utilized.

The mass media are now playing an active role in publicizing the radical reform currently under way in the economy, and therefore it would also be necessary, in the area of propaganda and mass political work with the population, to carefully explain the organic interrelationship between production and consumption under the conditions of perestroika and social renewal of the economy, and to **combat illusions concerning the possibilities for changing the standard of living without profound transformations in the productive sphere**, changes which will span a period of up to 10 years if all conditions and factors capable of normalizing the economy are put into play.

The measures for stabilizing economic development in the republic also include changing the structure of investments supporting organizational restructuring of the economy. We are still investing in resource-conserving production operations that are not sufficiently effective—primarily in those consuming electric power, fuel and metal, in the face of the high inertia of the economic programs that have already been introduced, including programs of the 12th Five-Year Plan to develop nuclear power engineering, chemistry, land reclamation and metallurgy in the republic. All of this is responsible for

the currently inadequate level of progressive transformations in social production, including in the social structure.

A contradiction has evolved between the requirement for further acceleration of the economy's growth and its organizational restructuring. In this connection we cannot implement a policy of compensating for the reduced growth rate before the end of the 12th Five-Year Plan—something that is impossible—and all the more so in the 13th Five-Year Plan, inasmuch as this would disturb the process of reproduction. If we do not halt the development of this contradiction, an irreversible tendency toward increasing production volume at the expense of price factors will persist. This will aggravate all of the economic problems. Attempts to solve them by means of accelerated growth, without any qualitative transformations in the economy, have already been written into plans, and they have not been successful.

In the future, it will be absolutely necessary for significant changes to occur in the ratio between the republic's group "A" and "B" industries. Given that the proportion of the population's unutilized solvent income will continue to grow in the 12th Five-Year Plan, and that its overall standard of living is low, production by group "B" industry will have to be increased by a factor of 2.1-2.2. At the same time, group "A" industry, in which the proportion of raw mineral, fuel and energy, metallurgical and chemical complexes lacking any significant opportunities for adequately increasing production of cultural, consumer and administrative goods was unjustifiably high, developed at a faster rate in the 11th and in 3 years of the 12th Five-Year Plan. In addition these complexes aggravate the already tense economic situation, reduce the effectiveness of all social production, absorb a significant share of investment resources and require corresponding development of heavy machine building sectors. All of this retards progressive structural transformations in the republic's economy. In particular, the proportion of light and food industry decreases. As a result, in 1985 the proportion of light industry within the total volume of industrial production in the Ukrainian SSR was 1.27 times lower than the country average. The rate of growth of production in food industry exceeded the industry's average only in 1987, which led to a certain increase in the proportion of this sector. Structural maneuvering of the republic's industry, which would make it possible to increase the consumer goods production volume, should take the form of increasing the proportion of group "B" production in practically all industrial sectors, including in the science-intensive, progressive machine building sectors. In this way, the proportion of group "B" industry could be suitably increased in my opinion to 30.1 percent in 1995 and to 31.9 percent in 2005. The insistent need for attaining these indicators in the development of group "B" industry in the Ukrainian SSR and the status of the entire production apparatus functioning within its national economy and of the reserves of raw and other material resources also require implementation of a large

number of other structural changes in the republic's economy. But this, and problems concerned with the mechanism of the structural changes as well, are topics of my next articles.

**Footnote**

1. Besides the author of this article, the group included Ye. Yu. Bolkhovitinova, Z. N. Borisenko, S. M. Budagovskaya, T. I. Pakhomova, B. Ye. Kvasnyuk and V. N. Noskov from the UkSSR Academy of Sciences Institute of Economics, and I. A. Ivanchenko and N. I. Lyusina from the UkSSR State Committee for Statistics

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"Ekonomika Sovetskoy Ukrainy", 1990

**ERRATUM: Economic, Political Dissatisfaction  
in Urals Described**

[In JPRS-UEA-90-017 of 18 May 1990, in the article "Economic, Political Dissatisfaction in Urals Described," which begins on page 16, the third paragraph in column two should begin as follows]:

This year, the USSR Gosplan and Gossnab did not budget R200 million in funds and resources for the "Sreduralstroy" Association.

## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Labor Augmentees Poorly Used, Not Economically Justified

#### Costly, Disruptive to Military

904B0221A Moscow SELSKAYA ZHIZN in Russian  
20 May 90 p 3

[Interview with Col Justice N. Sokolskikh, assistant chief military procurator, by V. Shcherban, SELSKAYA ZHIZN correspondent: "The Cost of 'Grain Battalions'"]

[Text] What happened should have happened long ago. The USSR Procuracy has recognized the practice of using service members and reservists each year to transport grain as illegal.

An emergency situation has taken shape. The teletypes in the 32 grain oblasts are "thrashing" as fast as they can, sending requisitions to the Ministry of Defense for people and equipment. It may turn out that neither people nor equipment await them.

Our correspondent met with Col Justice N. Sokolskikh, assistant chief military procurator.

[Sokolskikh] The USSR general procurator posed the issue this way: Either cease the practice that is contrary to the law, or legalize it through legislation. Since 1955, "grain" battalions have been used to harvest grain, although nothing is said about this either in the USSR Constitution or in the Law on Universal Military Service. Unfortunately, our economy is such and our agriculture supply is such that grain harvest cannot get by without the army.

[Shcherban] Military trucks with grain on rural roads have become a sign of our times. It seemed that it has always been this way. And you say since 1955...

[Sokolskikh] You yourself know that this was during the mid-1950s. A critical shortage of workhands was detected. That is when they started using soldiers for the work. They also began using reservists to harvest grain, under the guise of training assemblies. Last year, for example, more than 45,000 people took part. Training assemblies are authorized by law. One can believe that to a certain extent the people undergo some kind of refresher training during the harvest—they refresh their knowledge of regulations, study the equipment, increase their qualifications... But all the people basically simply work—from dawn to dusk. This is the reality. I should also add that staying on a grain harvest for 4-5 months is contrary to the Law on Universal Military Service. People can be called up for training assemblies only for a period of up to 3 months. And here they do it for up to 5 months. The law is silent about this.

[Shcherban] So, now no one has the right to order anyone to be sent to the harvest. But after all, the grain will not be harvested without considerable assistance from the military...

[Sokolskikh] Of course, people understand this: law or no law, the grain must be harvested. Therefore, they did not look at the legal aspect of this. The main thing was that there is work and that they not interfere with the work.

[Shcherban] We have always been told that the help the motor vehicle battalions gave the rural areas was invaluable. I agree. But did anyone calculate how much this help costs the treasury?

[Sokolskikh] Until recently I have not had the opportunity to see or hear sufficiently complete data about this. But I will say that the procuracy audits last year discovered an illusory economic benefit of using motor vehicle battalions in grain harvest. Just the losses that could be calculated cost the state about 100 million rubles. The methods of our work were and still are largely directive in nature. They carried out the harvest, ignoring the costs. In the "battle for grain," you still hear the slogan: "The harvest at any cost."

[Shcherban] The figure you cited makes my head turn. But where did you get it?

[Sokolskikh] Let's look at this together. Although the number of motor vehicle battalions has been increasing in recent years, the effectiveness of their use has been dropping. Last year 74 motor vehicle battalions participated in the harvest—37,000 vehicles; the year before—60 motor vehicle battalions; and the year before that—50 battalions. And the amount of freight transported by each vehicle has been decreasing. Whereas in 1987 each vehicle averaged 600 tons, in 1988 the average was 400 tons, and in 1989—350 tons. Sometimes there is nothing for the trucks to haul because of the chaos at the farms... How can there not be losses?

[Shcherban] But you would agree that the problem of "grain battalions" did not just suddenly emerge. Why didn't the procuracy—the "eye of the state"—notice all this?

[Sokolskikh] That is how it was before: They said "must," and everything was done so this "must" was carried out. And the enterprises for their main place of work quietly paid full wages to everyone called up for the grain harvest. Now that is not happening. The enterprises have become agitated: Let those who call our people up pay them. More and more often they ask: On what grounds in general are service members being sent to harvest grain? I should note that military leaders and the procuracy raised these questions during the course of the harvest last year. They called attention to the fact that the battalions are being used on an unclear legal basis. But...



[Shcherban] I understand it this way: If the vehicles are underloaded, then there is either nothing to haul or the equipment is breaking down. But the army equipment is still quite new. That means...

[Sokolskikh] That means the work in a number of places is inefficient. There is idle time, particularly in Kurgan, Novosibirsk, Saratov, Voronezh, and Lipetsk oblasts. If you add it all up, more than 3,000 of the 37,000 vehicles turned out to be "excess" during the harvesting!

By comparison, the loading norm for civilian drivers was considerably higher. For example, on some farms in Voronezh Oblast it was double. It always happens this way when economic levers are inoperative. During the course of the procuracy inspections we became convinced that the leaders, including oblast leaders, year after year order considerably more motor transports than are needed without concurrence of the leaders of the farms and rayons. And do you know what they are guided by when they do this? "Many years of experience" and "much practical experience." It turned out that the director of the Dzerzhinskiy Sovkhoz of Voronezh Oblast, P. Kravchenko, placed a requisition for 46 vehicles, and soon after they arrived he turned them down. In Berezovskiy and Yemelyanovskiy rayons of Krasnodar Kray, 40 to 70 percent of the vehicles stood idle. One reason was the lack of grain to haul. They paid no attention to the expenditures from the treasury; the main thing was to order more vehicles. After all, their own equipment sometimes stops, broken down and missing parts. That is why they count on the army vehicles, with their drivers and with their repair base. There is good reason it is often heard in the countryside: "The Soviet Army will help us harvest the grain." The country is losing millions due to this kind of economic management.

[Shcherban] Now there is cost accounting at enterprises. Does it also apply to the people used for the harvest?

[Sokolskikh] Not yet. And many enterprises present bills and claims to the command authority. In such a case, the command authority readdresses them to the USSR Council of Ministers.

[Shcherban] I heard that many have made statements about early unauthorized suspension of work. For the first time in many years there have been cases of groups of reserve subunits leaving without authorization and going home. Were they punished for this?

[Sokolskikh] No. The reason for that is a lack of legislative regulation of this issue, too.

[Shcherban] Even if we were again to conduct this year's harvesting with violation of the law, it would still be necessary to look into the confusion which reigns during the call-up for this work. Let's say a person from Altay is sent to Kuban, and a person from Kuban is sent to Altay because there is no one there to work.

[Sokolskikh] Unfortunately, there are quite a few cases of such "counter" shipments. During the course of the harvest, more than 80 percent of the motor vehicle battalions changed to 2-3 regions each. Individual battalions, transferred from the East and from Kazakhstan to transport sugar beets to Bashkiriya, Krasnodar Kray, and Astrakhan and Tula oblasts, worked there only a few days and then were sent home. That is because those who are called up are often openly indignant and justifiably so. People believe that their hands could have been put to use in their own kray or oblast during harvest.

[Shcherban] How can this Gordian knot be untied?

[Sokolskikh] All these questions must be resolved immediately and in a legislative manner. I would like for this to happen at the current session of the Supreme Soviet. The army cannot join in the next harvesting if there is no clear-cut legislative basis for this. Certainly we must sharply increase the efficiency of using military equipment... But if reservists are again sent to the harvests, the country will again suffer great losses.

Soldier's grain will truly become golden.

#### Problems Remain Unsolved in Uzbekistan

904B0221B Tashkent EKONOMIKA I ZHIZN  
in Russian No 3, Mar 90 pp 62-65

[Article by E. Yusupov, senior scientific associate at the SANIIESKh (Central Asian Scientific Institute of Agricultural Economics): "Who Needs a City-Dweller in the Field?"]

[Text] *How many times (don't count them) have leaders of the highest ranks solemnly assured us just before every cotton harvesting campaign—this year not a single student, much less school kids, will be brought out to hunch over in the fields until snow-fall. What of it? The cotton bolls open up in masses, and right away, as if by coincidence, there are "initiators" of so-called assistance to the peasants in literally all cities and worker settlements: "It is our duty... our national wealth... all as one..." Hundreds of thousands of children, workers, and employees of enterprises "combed" the cotton maps from morning to night and in the evenings watched on television screens (those, of course, who were afforded the opportunity) the parade of equipment—it turns out that they were not the ones who looked fat in the aprons and khirmany, but "light blue ships." Unfortunately, until now such an approach to development of the sector cannot be attributed to the past. It may not be on such a scale, but the phenomenon exists and accompanies us during perestroika. A quite natural question arises: Can we rid ourselves of window-dressing, from what we call waste economics? The author of this article discusses this with facts in hand...*

One of the main prerequisites for increasing the level of labor productivity in all sectors, including agriculture, without a doubt is to strengthen their material and technical base. Between 1970 and 1987, the value of

fixed production assets in the republic increased from just under 3 billion rubles to 12.5 billion, or more than fourfold.

For various reasons, however, a very important indicator as labor productivity was stagnant, and in individual years even recorded a drop. In 1987, the value of produced gross production (in comparable 1983 prices) was 56.5 percent of the USSR level, 52.2 percent of the RSFSR level, 37.2 percent of the Lithuanian SSR level, and 76.3 percent of the Kirghiz SSR level. Our republic ranks last in this indicator.

There remain large fluctuations in labor productivity between farms, rayons, and oblasts. If you take it by oblasts, the average production received by one worker employed in agriculture is in the following ranges (rounded off): 6,500 rubles in Tashkent Oblast; just over that in Surkhan-Darya Oblast; about 6,000 rubles in Syr-Darya Oblast; less than 5,000 in Khorezm Oblast; 4,000 in Fergana Oblast; and less than 4,000 rubles in Andizhan Oblast. That is, the difference in the indicator reaches 1.7-fold.

I want to reemphasize that these are averaged data. The picture is much more gratifying on the leading farms—there the produced production per worker is 10,000-12,000 rubles. But there are also quite a few farms where this figure is 2,000 and 3,000.

The low level of labor productivity can be linked to a certain degree to the poor state of being supplied with fixed production assets. For example, 2 years ago the asset provision level (per 100 hectares of land) was 48,600 rubles. I think it is appropriate here to compare this with other republics. This indicator reached more than 219,000 rubles in the Estonian SSR, 242,000 rubles in the Lithuanian SSR, and 274,000 rubles in the Moldavian SSR. The volumes of the capital-labor ratio also is not in our favor. These figures indicate primarily that the insufficient development of the material and technical base can be cited as one of the main reasons for the low level of labor productivity in the rural area.

This does not at all mean that it is impossible to raise the level of production output on the republic's kolkhozes and sovkhoses without strengthening this base considerably. Does not the experience and practice of our leading farms really attest to this?

Everyone knows that cotton-growing farms, for example in Syr-Darya Oblast, are considered to be insufficiently supplied with labor resources. Therefore, the majority of economists have proved, and many continue to do this, that it is impossible to get by during the harvest period without the help of workers called in from outside.

According to calculations of scientific research institutes studying problems of productive forces at sovkhoses located in new lands, the average manpower shortage per sovkhos is about 900 people. Based on these results, although preliminary, they conclude—practically all the republic's kolkhozes can gather the harvest raised with

their own forces, but sovkhoses located in zones of new irrigation need additional manpower for the harvest period. One should take into account, however, that a sharp reduction in the need for assistance from city-dwellers will be important only if all cotton-picking machines fulfill the operating norm. That is, a driver-mechanic of a two-row picker should, depending on the yield, unload from the hopper a minimum of 90-100 tons of raw cotton; the driver-mechanic of a four-row picker should unload a minimum of 150-160 tons. Alas, only a few have reached this in the republic.

Up to now, increasing labor productivity in cotton-growing and in other sectors of agriculture is most often associated only with hopes for mechanizing agrotechnical work. Indeed, this factor plays a very important role, but we also cannot forget about other factors, including, for example, improving organization and wages.

Everyone knows that the amount of cotton knocked to the ground increases with machine harvesting. In this connection, as many claim, the costs of low-output manual labor increase, the material interest of workers in the end results is undermined, the principles of contract and cost-accounting are violated, and a large number of people are taken away from their direct duties. It is difficult to calculate all the material and moral damage from such a harvest campaign.

As most experts believe, the difficulties increasing with crop harvesting are largely subjective in nature. The existing equipment and technology do not guarantee a timely harvest without losses. That is precisely why it is important to use the additional manpower in a more organized manner, only enlist the help of the number of people actually needed, and mobilize to the maximum extent possible the internal technical and labor resources of the farms. Unfortunately, far from everywhere do they strive to master the more progressive forms of organization of labor and material incentives or take into account other factors. They do not think about the fact that today a high level of production can be achieved only by intensifying agriculture through an improvement in the economic mechanism, correct organization of labor, strengthening labor and technological discipline, and use of a system of moral and material incentives. Striking changes can be seen where they keep up with the times.

Since developing the Golodnaya Steppe and to this day, there has never been a case, except for one, in which the cotton-growing farms refused help from students and others enlisted to help harvest the crop. As we well know, experts consider such a situation objectively necessary; they say, this is a guarantee of saving all that was raised.

Taking into account their so enviable constancy, it can be said that the Sovkhos imeni K. Rakhimov of Dustlikskiy Rayon was the first in the history of the cotton-growing zone to violate this tradition in 1988. It was namely in that year that all the raw cotton was gathered without participation of the city helpers. They managed

by putting into action, of course, far from all, but many of the farm's resources. By means of what resources did the sovkhos achieve such success? They give several answers. First, by increasing the number of full-time workers assigned to cotton-growing; second, by increasing the level of mechanization of the cotton harvest; third, on the basis of introducing progressive forms of organization of labor, the sovkhos increased the workers' material interest in the end result of production and the demonstration of a feeling of initiative in the specialists.

After studying the actual situation at the sovkhos, one can find an even more substantive answer to the question: To what is such a drastic change in cotton-growing owed? If you take the first of the answers given, it automatically ceases to have significance, since in the last 2 years the number of workers employed in cotton-growing not only did not increase but, on the contrary, was reduced from 525 in 1987 to 497 in 1988. As far as the second answer is concerned, the use of machinery actually did increase. The level of machine-harvesting of the raw cotton in 1988 was 90 percent versus 85 percent under the plan and 67 percent in the preceding year.

In order to monitor the quality of the harvest, a cotton-picker was assigned to each machine operator for each 35 hectares. I do not think we need to decipher why this was necessary and what it provided. But I will say that, above all, it increased the personal responsibility not only of the combine drivers, but also of the machine operator supervisors.

In many cases, mass harvesting by machines is done on many of the republic's farms, but it is organized in such a way that it is virtually impossible to assess the quality of work of each machine operator and, naturally, to get him interested. Here also lies the main reason for violation of the principles of cost accounting (at the lowest level), that is, a material dependence on the amount and quality of labor is lacking. Hence the exceeding of the standard level of losses and the low output.

The introduction of progressive forms of organizing labor and the initiative of the sovkhos's economic service specialists played perhaps the greatest role in refusing to enlist the help of citizens because the new conditions of economic management enabled them to give material incentives to all workers employed in cotton-growing. A wage system (differing from the old one) went into effect in early 1988. Seventy production links were organized into 14 enlarged brigades. Each was assigned an average of just over 50 hectares of land. The percentage of the wage fund in gross income was set at 57.6 percent. This indicator varies between 57.4 and 57.8 percent for enlarged brigades, and from 56.9 to 59 percent for the links.

As should be expected, this resulted in the direct producers of raw cotton becoming concerned not only with increasing the production volume and improving its quality, but also in a reduction of material and monetary

costs. At the sovkhos, payments for services are made using coupons and checks are written out in exchange for them—both coupons and checks are in circulation simultaneously. Using this form of reciprocal payment makes it possible to keep the collectives better informed about the costs. Now each worker clearly understands what things cost and strictly monitors cost items.

In just one cotton growing period, the system of wages from gross income has made it possible to save material and monetary costs in the amount of almost 217,000 rubles.

After ensuring this cost savings, the specialists of the economic service of course did not stop at that. At the beginning of the harvest they continued extensive explanatory work among the cotton-growers and used specific examples to show where they were losing and where they were gaining. For example, what does it cost the sovkhos to use helpers from the outside? In 1987, the costs for their wages were more than 600,000 rubles, which reduced the wages of the brigade members considerably—each received 1,000 rubles less.

In addition, the specialists of the economic service drew up organizational principles for the hard work performed at harvest time. It was decided that 85 percent of the crop would be harvested by machines. They legalized assigning an area of 35 hectares to each machine operator. They concluded contracts with 420 families to clean up the fields, that is, they set the payment for cleaning up 1 hectare after machine harvest at the rate of 50 rubles and at 15 kopecks per kg for manual harvesting of raw cotton on the edges of the field.

The pay for the driver-mechanics per hopper cotton differed according to the quality of the harvest: 15 rubles per ton when the amount of cotton that falls to the ground is about 50 kg; 10 rubles per ton when it is from 50 to 100 kg; and if losses exceed 100 kg per hectare, wages are not paid at all, since this is essentially complete waste. And when more than 200 kg are left on each hectare after the machine passes, the damage is verified and a fine is imposed against the person responsible for negligence in the work performed.

A special commission has been set up, headed by the chief economist of the sovkhos, to check the quality of the harvest. Even the initial experience has convincingly shown that it is possible to abandon the gross approach to the work of machine operators and place primary emphasis on the quality of their work, and in the final analysis harvest the entire crop using their own forces.

Such a system has radically changed the attitude of drivers toward preparing equipment. Twenty days before the harvest, all cotton-pickers were repaired with a high quality and placed on the ready line.

The calculation and skilled organizational work proved worthwhile. The sovkhos was the first in the rayon to fulfill the cotton procurement plan. Compared to the indicators of past years, the production cost of raw

cotton dropped sharply, and 1.6 million rubles more of product were sold. There were 10,000 tons of raw cotton sold to the state; 8,700 tons were of the first and second grade. A profit of more than 1.8 million rubles was received just from the sale of raw cotton.

Whereas before 600,000-700,000 rubles were spent each year on wages for harvesting cotton, the sovkhoz now saves 256,000 rubles just from the wage fund. This money is used to supplement the family budget of the peasants and to strengthen the social base of the sovkhoz.

As a result, the economists have managed to increase labor productivity of the cotton-growers almost 1.4-fold just through improving the organization and the wage system. Whereas 2 years ago 14.4 tons of cotton were produced per worker employed in this sector, that figure is 20.2 tons 1 year later. This indicator reached 30-35 tons in individual brigades.

Labor productivity calculated in terms of value increased at an even higher rate. If we use 1987 as the starting year, about 10,500 rubles' worth of cotton was produced per person that year; 1 year later, more than 16,000 rubles' worth was produced, that is, almost 1.6-fold more. In leading links this figure reached 20,000-22,500 rubles.

Naturally, the increase in crop yield also is of paramount importance in increasing the level of labor productivity. Taking into account almost the same natural, climatic, soil, and water conditions in all brigades and links, the planned yield was set at 26.9 quintals per hectare. It actually fluctuated between 27.4 and 29.9 for the brigades and links. In individual links it even reached more than 35. At the same time, the production cost per quintal of raw cotton decreased to 58 rubles. By almost 10 rubles in 1 year!

Another thing must be noted: The materials consumption of agricultural production decreased sharply at the sovkhoz. For example, it decreased by 34 percent (compared with the plan indicator) in cotton-growing. What does this mean? It means that at the beginning of the year material and monetary costs of 49.93 rubles (per 100 rubles of the value of product sold) were planned, and this indicator actually decreased to 36.8 rubles as a result of using the counter-cost mechanism of economic management. This is what resulted in the decrease in the production cost of a quintal of cotton, which I already mentioned.

The conclusion, as they say, is obvious. The problem of manpower shortage should be resolved by introducing principles of full cost accounting, especially at those kolkhozes and sovkhozes that are considered to be insufficiently supplied with their own labor resources.

I am firmly convinced that it is very important, and perhaps even more important, that the workers themselves begin thinking and considering in economic terms.

After trying out the system during the period of the extra hard work performed at harvest time, the cotton-growers shifted it to all other types of field work and thus eliminated the need to have office workers and school kids weed and chop cotton.

The specialists have also taken heart. Their initiative should be singled out as a special factor.

Since the functioning effectiveness of a contract collective depends on the strictness of cost accounting and the progressiveness of standards, the indicators must be linked to cost limits. In today's production conditions, strictness of cost accounting is often not ensured, that is, with high-income and unprofitable types of crops and products, the practice of spreading the burden of the latter to the high-income crops has been established. But what do we do with this method now when a transition to new principles of economic management is being accomplished, that is, structures based on collective, family, and leasing contracts are being created? What sensible farmer will voluntarily begin producing an obviously unprofitable product?

Above all, this applies to livestock raising. Up to the present time, the majority of cotton-growing farms in the republic incur losses from meat production. In the last 10-15 years, the sector has considerably undermined the budget on the farms of this rayon, including the Sovkhoz imeni K. Rakhimov. At the same Sovkhoz imeni K. Rakhimov, on the average a quintal of beef has a negative cost indicator of 25 rubles. Losses are covered at the expense of the profits on the whole, for example, from plant-growing, primarily cotton-growing, and partially at the expense of the more or less profitable milk production. It is understandable that they cannot refuse to produce meat, but it also does not make sense for leasing collectives to produce it with these production costs. This means that in conditions of strict internal cost accounting it is necessary to create for contractors and leaseholders conditions that would be advantageous both for them and the farm. The new system of economic management does not provide funds for maintaining unprofitable sectors. The so-called internal economic financial policy is becoming a thing of the past.

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## **New Land Law Offers Solutions, Not Quick Fixes**

### **Deputies' Attitudes Important**

904B0201A Moscow SOYUZ in Russian No 10,  
5-11 Mar 90 pp 12-13

[Article by Valeriy Virkunen: "There is Such a Law!"]

[Text] Without doubt, 28 February will become part of the history of our parliament. After the bitter discussions that at times overstepped the bounds of parliamentary courtesy, the Bases of Law of the USSR and Union Republics on Land was passed. From the moment this legal document goes into effect in our country there will

no longer be any land belonging to no one, i.e., state property not owned by a specific person. It is the property of the peoples living in the given territory—every citizen of the USSR has a right to have a plot of land, the conditions and system of issuance of which is determined by these Bases and by the laws of union and autonomous republics.

From now on the land will be disposed of by the soviets of people's deputies. Soviets and nothing but soviets will provide plots of land for proprietorship and use by the citizens of the USSR, kolkhozes, sovkhozes and other state, cooperative and public enterprises, institutions and organizations. Now the land is given to citizens for inheritable, lifelong proprietorship for the purpose of implementing the peasant enterprise or the private plot, for building a residential home, for orchard farming and livestock raising as well as for a dacha [summer house] and in the case of inheritance or the acquisition of a residential house.

What will this concept of "proprietorship," which did not exist before within our law, yield? In the old variant of the Bases of Land Law, the term "use" was utilized. Moreover, the user of the land was the primary unit—the kolkhoz and sovkhoz, and the secondary unit consisted of citizens, cooperatives and peasant enterprises. In this alone, land users were separated into first and second class. Now all forms of management related to questions of land proprietorship are being placed on an equal footing with an equal amount of responsibility. But most importantly, from now on land will not be used, it will be possessed. In other words, the land is given to the citizen for his complete lifelong disposal with a right of inheritance. But there is no right to purchase or sell it.

The Bases of the Law of the USSR and Union Republics on Land is being put into effect on 15 March 1990. Now the more quickly republics pass land laws, the more quickly the land will receive its specific, assiduous manager—the grain farmer.

Freedom has dawned—land and liberty are being given. It is possible to work without being pursued, without force and without being taken advantage of. Now the proprietor of the land has a right to ownership of agricultural products he produces and to the income he derives from their sale. The manager on the land is being confirmed. Parallel economic structures equal to kolkhozes and sovkhozes—cooperatives, private labor peasant enterprises and lease collectives—are being created.

But the distorted image of socialism as a totally oppressive system that excludes all economic interest and initiative on the part of the citizen has stuck firmly in our consciousness and continues to prevail over common sense—and what if this is a departure from the principles of socialism? But what is it that we are departing from? From a barracks-like, command, feudal system of suppressing man's initiative. We were forged and continue to be forged to a decisive degree by the utter government

infiltration of the economy. The new laws on land and property are the new basis of perestroika. Without them it cannot be implemented.

We have the largest field in the world. It is even difficult to imagine, from the point of view of common sense, that while having the best chernozem in the world our country is the largest importer of grain on the world market. There are many reasons for that. But the main one is that we have lost our manager.

During the last 30 years we have lost 40 million hectares of agricultural lands for non-agricultural purposes. Of them, 17 million hectares are kolkhoz and sovkhoz lands. Over 6 million hectares of floodlands, which are priceless, have been flooded by artificial reservoirs and have been irretrievably lost. There is an uninterrupted process of salination, oxidation of the soil and development of wastelands; yesterday's plowlands are being overgrown with shrubbery. Each year an average of a million hectares of agricultural lands are removed from rotations but no one—not the state budget, not the kolkhoz—loses a kopeck as a result! After all, the land was ownerless. This is frightening...If the destructive processes continue at this pace in the future within a few decades we will have no more fertile land. Everyone must remember that if today man destroys the soil tomorrow nature will destroy man. The new land law places a dependable barrier on the path of barbaric land use.

The land is acquiring an owner. But not everyone will see this process in a positive light. A sharply negative position with regard to the draft land law has been taken up by the kolkhoz soviet. Suffice it to say that at its plenum of 17 January kolkhoz directors attempted a real demarch and voted against the resolution on lifelong, inheritable proprietorship of the land. Its chairman, I. I. Kukhar, spoke directly against any kind of land reform at one of the meetings of the Committee of the USSR Supreme Soviet on Agricultural Questions and Food.

At the same time we cannot say that the position of the union soviet of kolkhozes was uniformly negative. It is difficult not to agree with the truth that it was essential to turn away from a state monopoly of the land. Everyone agrees about this. But how should this be done? Internal divisiveness has been demonstrated with sufficient clarity by the words of V. A. Starodubtsev, whom one cannot call a dilettante in agriculture. His opinion is sufficiently authoritative. Starodubtsev is a hereditary peasant who is well known to the entire country. He is categorically opposed to private property, and especially to private land management. But as a zealous manager he cannot reject common sense and states that he supports a variety of forms of land management. In addition to kolkhozes and sovkhozes cooperatives, peasant enterprises and lease collectives have a right to exist.

These thoughts of his are completely justified. If we look at specific examples, everyone supports the new law, equality and a variety of management forms. But as soon

as the conversation turns to the term "individual property" or "private property" there is immediately a sharp categorical rejection of these. Why? After all, if we allow the existence of the private peasant enterprise this means that we must unavoidably reject inconsistent ideological postulates on the inadmissibility of private and group ownership.

Despite the moaning of some directors we do not foresee a destruction of the kolkhoz-sovkhoz structure. The law does not take away land from public managers.

So why is it that the managers of kolkhozes and sovkhozes are so frightened? I think they are concerned about the end of their limitless power over the peasants. According to the law now the peasant himself can choose where he wants to work—on his own land or for the kolkhoz-sovkhoz. Each day-laborer of yesterday now has the legal right of a citizen to leave a kolkhoz, sovkhoz or cooperative with an allotment of land. But won't republic lawgivers and local soviets slow down a good union law? Will it be effective, or does the same fate that befell the laws on cooperation and leasing await it?

Now everything depends on the mechanism of land reform, which many kolkhoz and sovkhoz managers still do not even want to hear about. After all, they have at their disposal over 550 million hectares of agricultural lands, whereas private plots of citizens encompass only about 4 million hectares and auxiliary plots of enterprises, organizations and institutions—somewhat over 5 million hectares. Will the monopolies hand over the land as the new law directs? According to the proposal of deputy A. A. Sobchak, the resolution on the implementation of the Bases of Law of the USSR and Union Republics on Land, important points have been included on implementing land reform, without which the law will be stillborn. Sobchak's correction declares all existing land uses temporary and subject to reformulation in accordance with the new Land Law.

Committees of peoples deputies of all levels are being formed to carry out land reforms on a local level. In the course of three years after the implementation of the Bases of the Land Law, individuals who have received a land allotment for implementing a peasant enterprise are freed from land taxes. A. A. Sobchak's proposal, which was voted on by the majority of supreme soviet members, is the key that will lead to the implementation of the reform mechanism.

We will recall this historical day as well as the name-by-name voting, which was proposed by deputy V. I. Belov—let every voter know the attitude of his deputy to the Land Law. We will also recall the restrained excitement of deputy A. A. Nikonov, VASKhNIL [All-Union Academy of Agricultural Sciences imeni V. I. Lenin] president and one of the main authors of the law. He approached the stage, sincerely thanked colleague-deputies and all those who participated in the development of this unprecedented state document and gave the parliament a low peasant bow.

### Difficulties To Be Overcome

904B0201B Moscow SELSKAYA ZHIZN in Russian  
30 Mar 90 p 1

[Article by Valeriy Virkunen: "Peasant Right to the Land"]

[Text] 15 March of this year is a special landmark on the calendar. On this day the law went into effect that radically reexamines our attitude toward the land. The Bases of the Law of the USSR and Union Republics on Land put an end to the lack of personal responsibility and to a barbarian use of our main resource. The land has become the property of the people living in a given territory. From now on every citizen of the USSR has the right to a plot of land, the conditions and order for the transfer of which is determined by the Bases of Land Law and the laws of union and autonomous republics. According to the new law, soviets of people's deputies will dispose of the land.

In the daily bustle it is difficult to fully assess the value and intransient significance of the law that was just passed, although it is already being compared to the historical Land Decree passed on 26 October 1917. The new legal document eliminates the alienation of man from the land. The land ceases not to belong to anyone. Legally, it is earmarked for citizens for lifelong use and can be passed on.

As we know, the term "proprietorship" has not existed within our legal vocabulary. The previous variant of the Bases of Land Law employed the concept "use." Moreover, the users of land were primary users—kolkhozes and sovkhozes, and secondary users—citizens, cooperatives, and peasant enterprises. In this alone, land users were divided into first and second classes. Now all forms of management with regard to the land have been put on an equal footing. Moreover, from now on people will not make use of land, they will be its proprietors. In other words, the land is given to the citizen for his full lifetime use with the right of inheritance. One could say it becomes his property, but without the right of purchase and sale.

Kolkhoz and sovkhoz members who wish to leave them and manage a peasant enterprise, according to a decision by the soviet of people's deputies, are given plots of land that are withdrawn from the lands of the indicated enterprises. There is freedom of choice. It is possible to work independently. From now on, all land owners have the right of ownership of the agricultural products they produce and of income from their sale.

Right now, everything depends on the mechanism of implementation of the Land Law. Of course it is difficult to pass the law. But it is a hundred times more difficult to translate it into practical terms. Already today we must give the land to the peasant. It seems that we have a great deal of land. On the other hand actually there is no free land that would constitute a land fund. Practically all of the land—over 550 million hectares of agricultural

land—is at the disposal of kolkhozes and sovkhozes. Only 4 million hectares are used for the private plots of citizens to raise vegetables and potatoes, and slightly over 5 million hectares—for auxiliary plots of enterprises, organizations and institutions. Will monopolists transfer land to those to whom it is being given by the new law?

The question is not a simple one. Letters to the editor attest to the fact that today the peasant is not yet being given the land. The majority of directors of enterprises and of land-tenure regulators categorically refuse to assign land to cooperatives, lessees and peasant enterprises. There are more than enough examples of this. Valeriy Viktorovich Ivanov came to Pereslavskiy Rayon, Yaroslav Oblast, from near Kuybyshev, where he had worked as a veterinarian. He learned that it was possible to become a farmer. He finished special courses that were organized by Kolos Scientific-Consultation Cooperative. It would seem that all he had to do was take the land and begin managing it. But no, his ordeal went on for many months—the local land-tenure regulator will not issue him a document for the transfer of land.

This is not the only case in this rayon by far. Igor Nikolayevich Pereyma moved here from Lvov Oblast. He is also not new to agriculture. Like V. V. Ivanov, he finished a course on farmer training. He spent half a year in Canada working on farms. But they will not give him land.

We need a mechanism by which to implement the Land Law. It is needed already now, today, without waiting for the republic's laws to take effect. The Baltic republics—Latvia, Lithuania and Estonia—passed their land laws almost a year before the USSR Supreme Soviet. Today there are thousands of peasant farms there. In Orel Oblast, for several years in a row the development of peasant enterprises has been proceeding without prior arrangement. Over 1,000 individual peasants are cooperating very well with kolkhozes and sovkhozes, bringing a noticeable advantage to the public sector. These facts speak of one thing—the driving mechanism of the Land Law can be found in the lower links of soviets, which must begin to create a land fund already today.

Who if not local soviets must carefully study how to use land in each specific enterprise? Of course it is impossible to have mathematically-precise economic assessments of land without land surveys. But we also cannot wait several years until land surveys are made. This is why it is better to develop our own criteria locally based on average indicators for the oblast or rayon. Each enterprise should be approached and assessed from this point of view.

It was stated at the Third Session of the USSR Supreme Soviet that in order to carry out land reforms locally committees are being created from among people's deputies of all levels—of village and rayon soviets as well as of people's deputies of the USSR and union republics. In addition to deputies, local party organs, land tenure

regulators and workers of agroindustrial enterprises must participate most actively in the work of land committees and commissions.

The law has been passed. But it must be effective. Only with the participation of the broadest society will it be possible to create a mechanism that will give the peasant land already today, not declaratively but in reality.

## Land Utilization in Course of Agricultural Reform

### Legal, Anthropogenic Factors

904B0198A Moscow SOYUZ in Russian No 10,  
5-11 Mar 90 p 13

[Article by N. I. Krasnov, senior scientific worker of the Institute of Government and Law, USSR Academy of Sciences, doctor of legal sciences, and professor: "Everything Depends on the Individual"]

[Text] If the land suffers, people suffer. There is a direct relationship between them. There is also an inverse relationship—the condition of the land depends on how people treat it. These relations are regulated by the law. We have brought our land to a deplorable state. So does this mean the law was at fault?

No, our shortcomings in land use can be explained not by the quality of the Land Law but on the status of law in the area of land relations. Land lawlessness existed in our country. If the Bases for Land Law passed in 1968 had actually been implemented it would not have been so urgent to alter them. All we would have had to do was improve individual directives with a consideration of the new social situation that was developing in the country, especially directives to strengthen the guarantee of rights of land users against lawlessness. Perhaps this is why the new Bases for Land Law differ very little in principle from previous documents.

There has been considerable dispute about land ownership. It is not true that state ownership has harmed the land. On the contrary, the absence of real state ownership of land and the transfer of land power to departments brought many losses to us. For example, the law states that when land is taken for building there must first be agreement with land users about the construction site and the size of the plot of land. In developing this directive the finance ministry published instructions forbidding the financing of projects without documentation of agreements, which would be followed by the allocation of land. For this a state document had to be obtained stating the right to use the land. The finance ministry again issued instructions—not to finance building until this government document was available. But all of these directives were ignored. If the council of ministers allowed construction as an exception there was nothing the finance ministry could do. There were many such exceptions. This was the case with the building of BAM, the Volga-Chorgay Canal and other objects.



In the new Bases, the questions of ownership of land is omitted. It is stated that land is public property. In the previous law the formulation was a different one. Land was recognized to be state property—the common property of the Soviet people. Essentially, both laws recognize state ownership of land because they leave the state the main competence of owner—the right to dispose of the land, with the possibility of purchase and sale.

People wonder about land speculation. If the land really becomes the property of the citizen then it can become the object of speculation. How can this be avoided? The question is not one of land law but of criminal law. However, the land law did attempt to control the transfer of land from one proprietor to another. In the Soviet Union, not all citizens have equal rights to land use: kolkhoz farmers can have private plots of one size, sovkhoz workers—of another, citizens—of still another....The mechanical transfer of this land is impossible and there is no speculation.

Within the new law the new concept of "peasant enterprise" has appeared. But the preceding law contained an article on land use by individuals involved in individual work activities within agriculture. The new law only repeats the possibility of transferring land to the individual use of the peasant. Previously the article was not utilized. This is the crux of the matter; it does not have to do with land relations. Many key articles of the law were not put into effect.

The law does not feed the land, it only creates the conditions for this. It is important to put the law into effect more quickly, but this does not mean that it will begin to be in effect immediately. This is especially true since the Bases is not usually a direct law. The fundamental law is the union republic's land code. Also very important is the fact that the Bases of Law is a material-legal law. It establishes who has what rights. But procedural-legal questions—the system by which the laws are implemented—are no less important. They will be reflected in the union republic codes. Procedural questions create a guarantee of rights. The center of gravity in the work on land law has now been moved to the elaboration of republic land codes.

#### Orchard Association Established

904B0198B Moscow TRUD in Russian 25 Feb 90 p 1

[TASS article: "In Defense of the Orchard Farmer"]

[Text] The interregional orchard association, "The Orchard Farmer and the Law," has been created in Moscow. Among its founders are over 150 orchard partnerships, as well as lawyers, representatives of state and cooperative organizations and individual orchard farmers.

The association has established as its goal the legal protection of collective orchard farming and vegetable farming, as well as various information services for millions of "city agrarians." In particular, it is planned

to carry out sociological research on questions of ownership and the land use system and to prepare an alternative draft to the USSR Law, "On Collective Orchard and Vegetable Farming in the USSR," and other proposals on the further development in the country of this form of agriculture. Association members will be supplied with information-legal literature and legal services, including control over the status of corresponding establishment of standards.

#### Orchard Association Conference

904B0198C Moscow SELSKAYA ZHIZN in Russian  
6 Mar 90 p 2

[Article by V. Skuratnik: "Orchard Farmers Hold Conference"]

[Text] On 3 March in Moscow a conference of the orchard association, "The Orchard Farmer and the Law," was held.

What was the reason for it? An important circumstance was the attempt by the government to establish payments for land allocated as plots for orchard and vegetable farmers. This attempt is evident in "Draft of USSR Law on the Order for Utilization by the Population of the State Land Fund Allocated for Summer House and Orchard-Vegetable Plots."

This document does not at all expand, and in some cases it narrows, the rights of an enormous number of orchard and vegetable farmers and basically its intention is to establish payment for the land.

We orchard farmers feel that the confiscation of a monetary mass from the pocket of the orchard farmer—the worker, the retiree, the invalid, who has already contributed his savings and his labor into assimilating discarded land—is not right because for many decades land was allocated to him free and for an unlimited time period, and if land payments must be introduced this must be done on an exclusively voluntary basis.

Instead of the one-sided draft, conference participants proposed the preparation of a draft to the comprehensive USSR Law, "On Collective Orchard and Vegetable Farming in the USSR." This document must be presented for general assessment.

We are convinced that the orchard plot and everything that has been built on it and cultivated by the hands of the orchard farmer should be his own personal property, and he must have the right to sell, exchange and divide it, and give it away as a gift or as inheritance.

In the name of the orchard farmers and partnerships belonging to the association, the conference sent an "open letter" to the USSR Supreme Soviet, made a decision to organize a public center for the preparation of a draft to the comprehensive USSR Law, "On Collective Orchard and Vegetable Farming in the USSR," and



is calling upon everyone wishing to do so to make their proposals, which will be the foundation of this document.

Anyone wishing to participate in this discussion can send his ideas either to the editors of SELSKAYA ZHIZN or to the following address: 113447, Moscow, Box 97, "The Orchard Farmer and the Law" Association.

#### Follow-Up I—Difficulties Lamented

904B0198D Moscow SELSKAYA ZHIZN in Russian  
31 Mar 90 p 1

[Article by A. Khoroshilov, detachment worker, Kuybyshev Oblast: "Orchard Farmers Hold Conference" (6 March)]

[Text] The simple worker, and most often a retiree or invalid who is at the limit of his strength and ability to work, not considering his time or his health, transforms a bit of worthless land or land not needed by anyone. So now they want to punish him for this by taking a ruble of his pitiful pension. But for him this little parcel of land is his last happiness in life and food for the soul. Such people should be given incentives, and if payment for the land should be taken, it should be not from the worker-peasant but from the director, whose fault it is that previously fertile lands have been turned into wasteland.

#### Follow-Up II—Association Supported

904B0198E Moscow SELSKAYA ZHIZN in Russian  
8 Apr 90 p 1

[Article by A. Mikhaylov, retiree, orchard farmer hobbyist, Krasnoyarsk: "Orchard Farmers Hold Conference"]

[Text] I fully support the association, "The Orchard Farmer and the Law," and its "open letter" to the USSR Supreme Soviet.

The state took all the land from the peasants for collectivization. And now the last crumb—the worked six hundredth—is to be taxed, making even the orchard farmer hobbyist (usually a retiree) the eternal enslaved debtor? The soul of the farmer is very responsive to both the good and the bad. Whatever the attitude toward it, so the response from it. We are being called upon to help to solve the food problem. But with what kind of soul?

A tax on the orchard, the garden, the private plot, which were usually created with bleeding callouses, is a new attempt to strengthen the oppression of those who cultivate the soil. This cannot be allowed!

#### Effects Of Investment, Food Tax Discussed

##### Returns On Investment Compared

904B0183A Moscow ARGUMENTY I FAKTY  
in Russian No 10, 10-16 Mar 90 p 6

[Interview with M. Khalfin, laboratory head at the All-Union Scientific Research Technological Institute on

Repair and Exploitation of the Tractor-Machinery Fleet, by correspondent S. Karpachev: "How the Ruble 'Works' on the Farm"]

[Text] The amount of direct appropriations to the agroindustrial complex of the country are huge. M. Khalfin, laboratory head at the All-Union Scientific Research Technological Institute on Repair and Exploitation of the Tractor-Machinery Fleet, talks with our correspondent, S. Karpachev about how the rubles, which have been invested in agriculture "are working."

[Karpachev] The shelves of our food stores are empty but in spite of that we hear that the collective and state farms are highly mechanized, modern agricultural enterprises. How can those facts be compatible?

[Khalfin] The basis for the development of any branch of the economy is its material-technical base, and the energy expenditure per worker. According to data from USSR Goskomstat [State Committee for Statistics], from 1918-1987 a total of 620.2 billion rubles were allocated to agriculture, or 42 rubles for each hectare of land under cultivation.

During the years of Stalin's "development" of agriculture, 7 billion rubles were directed towards collectivization in the agrarian sector of the economy (1918-1940), or not more than 2.1 rubles per hectare annually; during the period of development of the virgin lands and the expansion in corn acreage beyond the Urals under the leadership of N.S. Khrushchev, the figure was 40-60 rubles per hectare. At the beginning of the 1980's, investments amounted to 65-130 rubles per hectare. The proportion of capital appropriations for agriculture during the period 1918-1949 comprised less than 1 percent of the national income. In the following decade, less than 5 percent, for 1970-1980 in the range of 5.4-7.2 percent.

However, even this insignificant level of capital investment was not directed at an improvement in soil fertility or crop production techniques. The money was allocated as follows: 40 percent of the appropriations went towards the acquisition of expensive and often poor-quality agricultural equipment; up to 20 percent went to water management construction projects, and up to 10 percent went to constructing and equipping farms and livestock complexes.

[Karpachev] Many of our readers complain that more and more money is being spent on the farms for mechanization, but the work is not getting any easier...

[Khalfin] And that's actually true. The proportion of resource expenditures for the acquisition of agricultural equipment just during the past 10 years has increased by more than 10 percent, while the level of mechanization of basic, more labor-intensive operations has not changed significantly. Up to 60 percent of the cotton, for example, continues to be harvested by hand. During the past 16 years, the level of mechanization of these jobs has only increased by 10 percent. If the mechanization of

cotton harvesting continues to increase at this rate, the process will be completed only by the year 2050! Up to 53 percent of the potato harvest is completed by hand on the farms; the level of mechanization of harvesting this crop during a twenty-year period has increased by 23 percent (from 24 to 47 percent), and the process will not be completed before the years 2025-2030. On the country's farms, up to 34 percent of the planting of vegetable crops is done by hand, and the rate of increase in the level of mechanization of these jobs is not more than one half of one percent per year.

[Karpachev] How is the situation in livestock raising?

[Khalfin] There the proportion of manual labor utilization is still very high. According to data from the 1985 one-time count by USSR Goskomstat, in the country as a whole 4.3 million livestock industry workers performed manual labor, a figure which comprises 70 percent of all workers in the field. A composite mechanization system exists on only 64 percent of farms and complexes for cattle, on 73 percent of hog-breeding farms, and 89 percent of poultry-raising farms, while mechanized feeding exists on 61.73 percent and 92 percent of the farms respectively.

As a result of this, a reduction in the number of workers employed in agricultural production has not occurred; in 1970, they comprised 13.7 percent, and in 1987, 13.3 percent.

[Karpachev] For purposes of comparison, how many people work in the agricultural complex in the developed countries?

[Khalfin] Let's say in Sweden and other developed countries, less than 4 percent of the work force is employed in agricultural production. The resource and energy expenditures which support each worker of our country's APK [Agroindustrial Complex] are considerably less than similar figures for the developed capitalist countries. What does that lead to?

Because of insufficient capital investment in carrying out fundamental work on increasing crop yields and improving crop production techniques, the increase in livestock productivity has lagged behind the world level for a lengthy period. Thus, for the past 17 years grain crop yields have remained essentially unchanged (15-18 centners/ha). In the USA and Sweden, approximately 55-60 centners/ha, in the GDR, Hungary and Czechoslovakia 45-50 centners/ha. Potato yields are almost three times lower (120 centners/ha) than in Sweden (340 centners/ha).

During a period of almost 50 years (1940-1987), the overall cattle population increased from 28 to 42 million head; the relative increase is obvious. But during the same period the population of the country increased from 194 to 281.7 million people. As a result the proportionate number of cattle per 1000 inhabitants essentially did not change. The average yearly milk yield from one cow increased from 1185 kg to 2682 kg (in the

USA and Sweden from 5500 to 5600 kg), and the yearly increase on the average was not more than 32 kg. At that rate, it will take us approximately 100 years to raise cattle productivity to the level already achieved in the developed countries.

[Karpachev] At the present time, heated debates are underway in the USSR Supreme Soviet regarding ways to resolve the food problem and where to look for a solution. Some see our salvation in a widespread implementation of the contract and lease systems, others propose the development of the individual farm system. What is your point of view?

[Khalfin] It is difficult for me to judge which is preferable. The most appropriate path needs to be found for each region of the country. But one thing is certain for all areas. Fundamental decisions are needed for the creation of a modern material-technical infrastructure based on a drastic increase in capital investment, up to 10 percent of the overall national income. And, most importantly, we need to decentralize the management of agriculture and introduce economic methods for the management of the agroindustrial complex as soon as possible.

#### Food Tax Implementation Proposed

904B0183B Moscow *EKONOMIKA I ZHIZN*  
in Russian No 13, Mar 90 p 10

[Article by V. Boyev, academician from VASKhNIL [Lenin All-Union Academy of Agricultural Sciences] and V. Uzun, doctor of economic sciences: "If We Introduce A Prodnalog [Food Tax]..."]

[Text] The mutual relations between the city and village have always been the Achilles heel of the economic policy of our state since its inception. What resources have not been used for its improvement: the surplus-appropriation system, food tax, agriculture tax, state deliveries, state procurements, contract agreements! However, the matter never reached a normal state of commerce which would allow the peasant to come to market with his agricultural products with the goal of acquiring industrial goods.

During the course of the economic reform, administrative coercion has relaxed slightly and already symptoms of a further worsening in food supply are beginning to manifest themselves. How exactly is this being expressed? Here's how. In 1983, with a gross harvest of 192.2 million tons of grain, 75.6 million tons were processed. In 1989, 211.1 million tons were obtained, but only 59 million tons were sold to the state. The collective and state farms set aside the remaining grain for consumption in internal operations; for seed, forage, for compensating labor in kind and for its free sale. Even the hard currency which was promised in payment for sales above the levels obtained last year did not help. Why?

The reasons are many, but there are three main ones. The first is that collective and state farms have begun to use the right granted to them to accept tasks regarding sales of their production on a strictly voluntary basis.

The second reason is an imbalance in prices. The differential increases to prices are established locally in such a manner that the bulk of the increase applies to meat and milk. As a result, it has become more profitable to fatten cattle with the grain than to sell it to the state. And, finally, the third reason: the absence of a market. Many farms have grain but there are no active buyers to look for it. State purveyors, in the form of the grain reception stations, are merchants who do not step out beyond the front gate. They are used to people bringing the grain to them and turning it over at state prices.

What are the ways out of this situation? Some scientists and practitioners propose to return everything to its former place, that is, to abolish the corresponding points of the law "On Cooperation in the USSR" and in government resolutions and again make the state assignments mandatory for collective and state farms. It is hardly necessary to argue that such a step could completely undermine agrarian workers' faith in the economic reform. Administrative measures did not work even in previous times. Today in conditions of democratization they would be even more likely to fail.

There is another solution. Drastically increase the procurement prices for grain in order to make its sale to the state profitable for the collective and state farm. That is a very logical measure which corresponds to the spirit of the economic reform. However, no economist today can affirm with sufficient reliability that the problem is solvable at all by economic measures, in particular, by a price increase, in conditions of inflation and shortages. In addition, by increasing grain purchases, won't we be decreasing deliveries to the state of other products?

To assure steady deliveries of products to the centralized funds and their guaranteed sale to the population at state prices and also for the creation of conditions for the development of commercial trade according to free market prices, in our opinion, it is advisable during the transition period once again like during NEP, to introduce an agricultural tax in kind for the collective and state farms, cooperatives, peasant farms, interfarm and auxiliary enterprises, and internal farm lessees. The size of the tax must be established as a percentage of the actual production volume and be the same for all producers.

Calculations show that to guarantee the satisfaction of primary state needs approximately the following tax rates are necessary: for food grain, 30 percent of the gross harvest weighed at the granary; for grain forage, 15 percent; meat and milk, 50 percent; technical crops, 70 percent. Payment in kind for the agricultural tax should be figured according to state procurement prices. By agreement of the taxpayers and the procurement organizations, the replacement of one ton of grain forage with 0.125 tons of meat at slaughter weight or with one ton of milk should be allowed.

In view of the fact that in conditions of regional economic accountability, responsibility for the supply of the

local population with APK products is borne by the oblast and republic organs, the production which is received as a tax payment in kind should be left mainly at their disposal. Since the union organs are supposed to be responsible only for the supply of cities of union significance, special consumers and for the formation of export and reserve funds, the union fund in consequence can be significantly reduced. The grain fund, for example, consists of 15-20 million tons. Deliveries from one republic to another should be regulated on the basis of direct, mutual intergovernmental agreements between republics or agreements between enterprises and associations of different republics.

Currently, tasks on deliveries of products to the centralized funds are approved by management organs at various levels which do not themselves produce the goods. Giving them authority for the tasks is tantamount to allowing them to coerce farms to produce and sell certain kinds of goods. The agricultural tax in kind will be levied only against the producers. In this way, the management organs will be deprived of the right to interfere administratively in the affairs of collective, state and peasant farms.

The relatively low tax rates are not a burden for the farms. A lot of production will remain available for sale at commercial prices on the free market. The tax excludes voluntarism in formulating assignments, since the rates will be universal and cannot be changed by the local organs. Naturally, depending on the natural-economic conditions of production for a particular farm, the volume per hectare of production sold will not be identical.

For example, collective and state farms in the Rostovskaya oblast, which have achieved a wheat yield of 25-30 centners, will sell 7.5-9 centners per planted hectare for the purpose of paying the tax, while the farms of the Gorkovskaya oblast, where mainly rye is grown and the yield is 15-16 centners, will sell only 4.5 - 4.8 centners per hectare to pay the tax. By maintaining the tax rate at the same level, tax proceeds will increase in favorable years and decrease in unfavorable years.

A firm tax in kind will create a fair basis for payment in hard currency for high quality shipments of grain sold to the state in excess of tax amounts. As the market becomes saturated with agricultural products and state and market prices begin to approximate each other, the need for a tax in kind will decrease and perhaps with time it will be abolished.

The agricultural raw materials which are received from the tax in kind and also on the basis of supplementary purchases within the country and abroad will go to processing enterprises and the final product will be put at the disposal of state organs. Collective and state farms and other producers also can submit orders to the processing enterprises for goods made from their own raw materials.

## REGIONAL DEVELOPMENT

### Farmstead Development in Belorussia

#### Chairman on Need for State Support

904B0200A Moscow SOYUZ in Russian No 10,  
5-11 Mar 90 pp 12-13

[Article by Yu. M. Khusainov, deputy chairman of the Belorussian SSR Council of Ministers, chairman of the republic Gosagroprom (State Agro-Industrial Committee): "The State Will Lend a Hand"]

[Text] Finally the peasant will become our principal figure. He is getting a choice of how to farm: in a collective as before or to give preference to individual farming (fermerstvo). In Belorussia, for example, according to sociological survey data, 8 out of 10 villagers have opted for kolkhozes and sovkhos. But here I have before me a statement from M. I. Krasovskiy, a peasant living in Minskiy rayon: "I ask you to alienate 14 hectares of ploughland and 2 hectares of watered meadow from the 'Ptich' sovkhos to carry out individual farming..."

When the law is adopted these questions will be attended to not by the deputy chairman of the republic council of ministers but by the village soviet, for the Soviet will get real powers with respect to the disposal of land. The landholder and the land user are to have corresponding rights and responsibilities. For peasant farmers of the Krasovskiy type, and there will be more and more of them in the republic, there should be a specified fund of agricultural land.

Where can frictions arise here? The peasant wants to obtain land but it is under the jurisdiction of the kolkhozes. The kolkhoz doesn't want to give it up; you see, it received these lands in indefinite use and uses them efficiently. Work with the land improves with every year in our collective farms. And therefore the Soviets must examine and resolve questions of the creation of farmsteads depending on the specific circumstances. Where lands are poorly utilized, they need to be put on the village soviets' balance sheet and redistributed first of all. However, one cannot split up the land by tough methods and give it to all who so desire. Otherwise, strip farming will start and land speculation as a result. Besides, you won't have greater productivity from 2-3 hectares.

I emphasize that the all-union law is a basic landmark in the development of the village. However, there are certain problems in the non-black earth zone, others in Central Asia, and a third set in Belorussia. The basic tasks for our republic during the next two years is to appraise the land. You see, there are plots rated at 23 points and there are those rated at 55-60. So the value of a hectare ought to vary. Where the ploughland is better, the payments into the budget ought to be higher. And where the land is altogether poor, perhaps one will have to give an additional payment so that people would not

work it. Naturally, the expenses which the peasant puts into getting the land ready for use (obustroystvo) ought not to be taxable.

In our republic, the villages are larger and concentrated. And if a person sets up a 200-pig farm in his own farmstead, what will his neighbor, who lives not far away, say? Obviously, conflict will arise. Farmhouses have to be provided with amenities in a new way, roads built, electric power supplied and all kinds of services created. This is beyond the capabilities of the solitary peasant. The state should also lend a hand.

#### Land Distribution Discussion

904B0200B Minsk SELSKAYA GAZETA in Russian  
6 Apr 90 p 1

[Report from the Belorussian SSR Council of Ministers Information Department under the "In the BSSR Council of Ministers" rubric: "How is a Plot of Land Obtained"]

[Text] Early spring urges on not only the farmers but also...the legislators. While the draft of the Belorussian SSR Land Code is being prepared, requests to render assistance in obtaining land plots for the organization of peasant farms are being received in the executive committees of local soviets of people's deputies and the republic Council of Ministers. The Provisional Procedure for consideration of these problems prior to the adoption of legislative acts that has been approved by the government of Belorussia will enable one to avoid possible delays. The document has already been received in all the republic's rayon soviets of people's deputies and will be published in rayon newspapers any day now. Thus, every rural inhabitant will be able to familiarize himself with the provisions of the Provisional Procedure aimed at creating conditions for the free choice of forms of management and the expeditious solution of land allocation problems.

#### Start-up of Peasant Farming

904B0200C Minsk SELSKOYE KHOZYAYSTVO  
BELORUSSII in Russian No 2, Feb 90 pp 26-27

[Article by V. G. Gusakov, doctoral candidate of the All-Union Agricultural Economics Scientific Research Institute: "What is the Peasant Farm to Be?"]

[Text] Possessing a great capacity for self-preservation and survival, the administrative-bureaucratic system has begun to adapt itself to the changes occurring in the agro-industrial complex. In order to ensure stability for themselves and to conceal their vicious essence, the administrative-managerial organs have begun to widely proclaim the freedom of economic activity and even to insist (again using administrative pressure) on the introduction of the lease and the contract, the formation of individual and family farms and the introduction of peasant farmer khozraschet [economic accountability].

It should not be forgotten that the emergence of contract-lease collectives and the formation of khozraschet subdivisions is mainly occurring and is being encouraged within the framework of the existing management, within the limits of the kolkhozes and sovkhozes. Let it be even farms consisting exclusively of lease, contract and cooperative collectives. What freedom of entrepreneurial activity and of personal initiative can there be when the directions of management, the structure, amounts and times of production, limits and funds, accounting prices, the procedure for the sale of output and even the procedure for distributing revenues among the members of the subdivision have been determined beforehand for the workers? And if this will be even a cooperative of cooperatives (the administrative superstructure even here will be able to live by the confiscation of revenues and to encroach upon the interests of the cooperative members).

Is the formation of a peasant (individual farmer) farm possible under such conditions? Let's look into it.

The practice of the majority of socialist countries and our country's management experience of recent time indicates that observance at least of the following conditions is required for development of individual farming and the coming into being of the peasant-owner. First is freedom of the choice of direction and of the type of activity so that the peasant could be guided by the market and the demand for the output. Second, the freedom of contract relationships and of the choice of partners for joint production activity and the sale of the output. Third, freedom to unite into cooperatives, collectives, associations and communes. Fourth, freedom in acquiring necessary equipment and in renting land and the means of production. Fifth, independence in the organization of production, the use of management methods and means and the utilization of resources. Sixth, the freedom to dispose of the products of one's own labor and to sell them through the most profitable channels and at the most profitable prices (through the market, the state, the cooperative). And, finally, seventh—freedom in disposing of one's own revenues, in distributing funds earned and in forming stocks.

Do these conditions exist for us today? Far from always! We are only getting down to their creation. Can one seriously talk today about the development of individual farmer production, when the peasants to date are not able to freely acquire even the simplest mechanical equipment? Can one accomplish a fundamental shift through lengthening the work day and increasing the intensity of manual labor?

The leaseholders that pave the way are going to have to overcome incredible difficulties in acquiring building materials, production working capital (feed, seed, fertilizer, etc.) and monetary credit and in selling the output produced. On that score I would like to note that in the majority of countries the state or the cooperatives buy the farmer's or peasant's output directly on the spot on the basis of contracting agreements.

Is there a way out of the situation that has developed, is the development of individual farmer production possible for us? Of course! But to do this it is first of all necessary to eliminate every kind of economic discrimination against peasant farms, to simplify the procedure for their formation, to make it simple and accessible, to eliminate the state monopoly for the production of output and the disposition of resources, to create the conditions for the formation and development on a level with and parallel with the state system of a network of supply, sales, processing and production cooperatives and associations, to put the system of taxation into order, and to make it flexible and stimulating to production. In this connection, the administrative apparatus should conform to the direct interests of the commodity producers with respect to strength and fitness for the purpose, direct its activity to the servicing of the labor collectives and executives (ispolnitel) and create for them maximum conditions for productive labor. The number and functions of administrative personnel should be determined by the peasants, leaseholders, labor collectives, their associations, kolkhozes and sovkhozes. For example, according to our calculations the republic apparatus for servicing the agro-industrial complex should consist of no more than 100-120 highly skilled specialists who know the prospects for the development of the sector, the priorities of scientific and technical progress, the conditions in the Soviet and foreign markets, the search for ideas on the scientific organization of labor and the use of advanced technologies for the production, processing and sale of output, and the price formation mechanism. The system for administering and servicing agricultural production in the localities—in an oblast, rayon, an association, a large farm—can be constructed in similar fashion.

Regulation of equivalent exchange for agricultural and industrial output, the formation of wholesale trade and, consequently, the carrying out of a reform of prices and of economic incentives for marketable types of output is important for the development of peasant farms. Reform here is understood to mean putting the price structure into order in relation to socially necessary production costs and the expediency of state levers stimulating the receipt and sale of output. Agricultural output, since it is most necessary for society and is vitally important, ought to enjoy most favored treatment in production and sale on the part of the state and the consumers in comparison with the goods of other branches. At any rate that is what is occurring in developed foreign countries.

Legal guarantees at the very highest level of legislation should be given to the peasant. The first step has already been taken—the "Fundamental Legislation of the USSR and the Union Republics on Leasing" has been adopted. However, this is not enough. There is no land law. A law on the working peasant farm (trudovoye krestyanskoye khozyaystvo), to which the status of a socialist enterprise would be extended, is needed.

Initiative in the development of peasant farms should belong to the local organs of Soviet power.

Moreover, melancholy with respect to the peasant farm of NEP [New Economic Policy] times is groundless now. The times have changed in all respects. A return to small subsistence farming is practically impossible and also inadvisable. Peasant-individual farmer farms should be in keeping with modern highly intensive production. Individual farming needs an advanced equipment and technological base. It is absurd to think that small-scale production can long compete with large-scale production while using equipment sold by the kolkhozes and sovkhoses as unnecessary. What now many leaseholders and peasant farms point to as high productivity is more temporary nonsense than a trend, which emphasizes the weakness of social production, the enthusiasm of personal initiative and the potential of the right to be an owner.

Therefore one cannot in any case think that large collective farms (kolkhozes, sovkhoses) have exhausted themselves. The entire dramatic nature of the situation is in the fact that they never even were independent collective farms and were not in command of the funds available and the wealth produced. The entire period of their existence has been marked by complete and utter perversions of the meaning and essence of collective activity: the super-concentration of production, the lack of provision of resources, amalgamation and breaking up into smaller units, the groundlessness of planning, the excessive development of reporting, the domination of monitoring and checking authorities, the strictly hierarchical system of joint subordination, etc. Putting their work right requires the quickest possible repudiation of command methods of management, conversion to the management of production and collectives through economic methods and the granting to workers of rights and independence in the solution of day-to-day managerial tasks.

It is my profound conviction that the future of our country's agriculture is not in individual peasant and independent farmer farms but in cooperatives of commodity producers, suppliers and processors of output in all their diversity. Farmers and supply and sales cooperatives, as is done, for example, in Hungary, Czechoslovakia, Sweden and Great Britain, by uniting peasant farms and integrating the interests of the workers, the state and the consumers, impart stability and a dynamic character in the development of agrarian production, unite efforts in setting up production in accordance with modern technologies, protect the peasants from possible unfavorable consequences of market and natural-climatic calamities, and take on themselves the functions of transmitters of scientific and technical progress.

In speaking about prospects, one should not belittle the role and significance of large and highly efficient state and collective enterprises which base production on a well-developed machine-based organization, the expediency of which cannot be doubted. It is no secret that large collective farms in their majority are engaged in the production of output which is not always profitable to lease-holders and individual farmers, which requires

large investments of funds and the use of complex machine systems. There are examples in our country of many large farms that carry on production on the level of foreign models. But even here there should not be uniformity. Large enterprises can function both as agrofirms and as agro-combines and as syndicates, extending their influence from supplying resources to the producers to the production, processing and sale of output. The success of leaseholders, state, collective, cooperative-individual farmers and peasant farms is precisely in a healthy competition and rivalry for the sales market and for the consumer.

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## MAJOR CROP PROGRESS, WEATHER REPORTS

### Field, Irrigation Equipment Problems Hamper Progress

#### All-Union Status Review

904B0202A Moscow ZEMLYA I LYUDI in Russian  
No 14, 30 Mar 90 p 1

[Article by Yu. Grachev: "Not Considering the Needs of the Village; Machine Building Enterprises are Disrupting the Delivery of Material-Technical Resources, Which is Complicating Field Work"]

[Text] There was an exchange of views in USSR Gossnab on select ties of supply services of the southern part of the country where field work is already in progress. The meeting was opened by P. I. Mostovoy, deputy chairman of USSR Sovmin [Council of Ministers] and chairman of USSR Gossnab [State Committee for Material and Technical Supply]. In particular, he noted that today the spring campaign is being made more complicated by the fact that a great deal of technology is still not ready. Repairs are poorer than last year. In the country as a whole over 300,000 tractors, a significant number of trucks, sowers, mowers, feed-harvesting combines, machines for the application of mineral fertilizers and other agricultural equipment have not been repaired.

One of the main reasons for the delay in the preparation of the machine-tractor fleet is the violation of contract obligations by plants-suppliers of material-technical resources and their failure to fill state orders. This was discussed in the speeches of A. K. Minchenko, chairman of UkSSR Gossnab, V. A. Chinenov, deputy director of the Volgograd Gossnab Main Territorial Administration, S. N. Stepanov, chairman of Armenian SSR Gossnab, V. R. Sonin, director of the Saratov Main Territorial Administration, A. Sh. Azizbekov, chairman of Azerbaijan SSR Gossnab, and K. T. Turapov, deputy chairman of Kazakh SSR Gossnab.

The following facts were presented. For example, the Kharkov Plant of Tractor Engines shorted the agroindustrial complex by 17,000 cylinder sleeves during the first

two months of this year. The Pavlodar Tractor Plant PO [Production association] owes the village 7,000 external balancers. Production association Odessapochvomash, Volgograd Tractor Plant, Altay Tractor Plant, Krasnaya Zvezda (Kirovograd), State Bearing Plant Number 3 (Saratov), and many other enterprises did not fulfill their obligations.

It was noted that the plants of the USSR Ministry of Automobile and Agricultural Machine Building, agriculture's major partner, shorted kolkhozes and sovkhoses by over 10,000 tractors, 5,200 automobiles, 700 bulldozers, 2,700 plows, 2,300 disc harrows, over 1,000 sowers and 2,400 machines for the application of mineral fertilizer during the first quarter.

Many industrial collectives justify their lags by claiming a violation of general economic stability in the national economy and imbalance in state plans. Others point to the shortage of metal and spare parts, forgetting that in 1990 all plants were supplied with 95 percent of the essential resources according to the planned system. Only 5 percent of material-technical resources follow market channels. Based on this, by its decisions the government has obliged all enterprises to conclude contracts with organizations of the agroindustrial complex for the 100 percent delivery of the necessary resources.

As the USSR Gosnab chairman emphasized in his speech, all forms of production now go to the village only according to state orders. Meanwhile, some enterprises are not hurrying or simply reject concluding contracts with agriculture, pointing to the independence they have received. Yet agriculture still receives basic resources based on funds. The market mechanism is only taking its first steps. Why do agricultural collectives have to once again be in the most unadvantageous position?

It was noted that among enterprises that still have not concluded a contract with APK organizations for the delivery of the necessary resources there are many industrial collectives of USSR Minavtoselkhoz mash [Ministry of the Automobile and Agricultural Machine Building], USSR Minkhimneftprom [Ministry of the Chemical and Petroleum Industry], USSR Minelektrotekhpribor [Ministry of Electrical Technical Instruments], as well as several ministries of the defense complex. This kind of attitude toward the needs of agricultural workers not only has a negative effect on carrying out the spring sowing campaign but also impedes preparations for harvesting.

For example, in the Ukraine, as noted in the discussion on select ties, another 20,000 feed-harvesting machines require repair. This is half of the entire availability of such equipment in the republic. Many grain harvesting combines must be repaired. The delivery of V-belts, without which these and other machines cannot operate, lies on the conscience of the Volga RTI plant. The shortage of these parts is felt in almost all regions of the country. The same situation exists as concerns many other parts and assemblies.

Immediately after the discussion there was a meeting of the All-Union Operations Staff on Material-Technical Supply for Agriculture. Participants included directors of industrial ministries and departments and representatives of the USSR Committee of People's Control and the USSR State Commission on Food and Procurement. They examined questions related to carrying out spring field work and providing all the necessary resources for this. Meeting participants noted specific measures for eliminating lags in supplying the village with material-technical resources.

### Stavropol Kray Situation

904B0202B Moscow SELSKAYA ZHIZN in Russian  
29 Mar 90 p 1

[Untitled article by S. Timofeyev, Stavropol Kray]

[Text] This year in Stavropol February "windows" were opened so wide that the kray's farmers were able to retain moisture on 100,000 hectares. All regions seriously utilized these possibilities to go out into the fields early.

During the third 10-day period of March the sowing of early crops was basically complete in the kray. These operations were the last examination of the readiness of equipment and people for sowing of tilled crops. They brought out many shortcomings. Over 1,000 tractors are standing in shops and in machine yards due to the shortage of spare parts. The number of machine yards themselves has decreased from 316 to 247; the staffs of master adjusters and metal workers for field repairs have decreased by almost 1,000 persons. This is the result of the refusal of many lease collectives to spend "extra" money. As a consequence we have a growth in idleness of tractors in enclosures. Whereas this year the fuel situation has improved, enterprises have no M-10G oil, earmarked for high-energy tractors, at all.

### Belorussian Grasslands

904B0202C Minsk SELSKAYA GAZETA in Russian  
5 Apr 90 p 3

[Article by Ye. Chayev, director of the laboratory of perennial grasses and meadows of BelNIIZiK [Belorussian Scientific Research Institute probably of Grain and Feed], P. Myadelets, head scientific worker, BelNIIZiK, and V. Tsydik, senior agronomist in feed production department of BSSR Gosagroprom [State Agroindustrial Committee: "Care for Grasses"]

[Text] In a number of enterprises in the republic, especially in the southern and western regions, a complex of work has already begun to care for haylands and pastures and perennial grasses on arable land. What does this include? This includes the examination of pasture lands and sources of livestock drinking water and their cleaning of garbage, branches and roots, which accumulate in especially large numbers on reclaimed and flood lands. On meadows with sparse grass stands as well as in



denuded areas grasses are sown following the removal of hummocks and the smoothing of mole-hills. The full complement of mineral fertilizers is applied, the scheme for the green conveyor is worked out ahead of time for every farm and the composition of links is determined in terms of care of haylands and pastures.

This year we have noted a lowering of the level of ground water. In connection with this it is essential to fix sluices, pipes and regulators and to maintain an optimum water regimen for meadow soils. Also needing a solution is the question of singling out pasture lands that are free of radionuclides for livestock belonging to the population.

On the eve of summer pasture work and of the "green harvest" we would once more like to turn the attention of farmers to the fact that the degree of abundance of this season is determined to a large extent by spring days, by the precision of the strategy and tactics that have been elaborated and by the coordination of all agricultural services working in meadows, pastures and fields.

#### **Belorussian Irrigation Equipment**

904B0202D Minsk SELSKAYA GAZETA in Russian  
10 Apr 90 p 1

[Article by A. Prokopchuk, senior engineer in the department of land organization and reclamation of BSSR Gosagroprom [State Agro-Industrial Committee]: "Ownerless Irrigation"]

[Excerpts] The beginning of this year was clearly not to the advantage of the farmer. In a number of southern regions of the republic a shortage of moisture is already being felt. Under these conditions the main task of land users is the effective utilization of all possibilities for replenishing moisture. First and foremost, all supporting structures belonging to canals and channels serving feed lands and arable land should be closed immediately after sowing is completed.

Unfortunately, there are many shortcomings, omissions and unresolved questions in this area. At the present time, of 147,000 hectares of irrigated lands, kolkhozes and sovkhoses plan to irrigate only 115,000—78 percent. In Vitebsk Oblast, the corresponding figures are 8,100 hectares, or 58 percent, and in Minsk Oblast—21,000, or 74 percent. This means that in many areas, even in experimental soil-climatic conditions, crops will not receive nutritive moisture in a timely manner despite the fact that 3,000-3,500 rubles of state resources were spent to build each hectare of irrigation.

One of the most widespread reasons for lack of irrigation is the refusal of directors of enterprises to irrigate grains and industrial and tilled crops, i.e., those crops which in their opinion do not need artificial moisture under

republic conditions. There are over 13,000 hectares of such lands; in Minsk Oblast alone, there are 4,400 such hectares. A similar situation exists in other regions. [passage omitted] In the majority of cases, broad sprinkler machines such as the Fregat, Volzhanka and Dnepr are installed on such land; for these there are no limitations to the irrigation of particular crops. In this situation the position of specialists and directors of the aforementioned enterprises and of RAPO [Rayon Agroindustrial Association] councils is incomprehensible.

Of special concern is the fact that on an area of over 9,000 hectares enterprises have written off 9,000 hectares of irrigation equipment and machines as unuseable. Kolkhozes and state enterprises refuse to purchase replacement equipment for various reasons. Remaining and in almost all cases non-amortized funds (pumping stations, ponds, underground pipes, wells) essentially are of no practical use. There are many such cases in Sharkovshchinskiy, Luninetskiy, Brestskiy, Bobruyskiy, Grodnenskiy, Shklovskiy and other rayons.

[passage omitted]

Undoubtedly, under new management conditions kolkhozes and sovkhoses have a right to decide for themselves how to utilize the existing irrigation system. However, despite all of this we should not forget that irrigation objects were built not by a willful decision "from above" but according to the orders of enterprises using state budget resources. This obliges land users to implement a high return from each irrigated hectare.

#### **Tractors at the Ready Line**

904B0202E Moscow SELSKAYA ZHIZN in Russian  
29 Mar 90 p 1

[Article by A. Torichko: "Tractors at the Ready Line"]

[Text] Crop farmers in Altay have brought almost 90 percent of the available plowing tractors to the ready line. But while they are concerned with seeding, they are not forgetting about the harvest. They intend to have all the combines ready as soon as possible. They have already repaired more than 14,000 of the 20,000 combines at the farms. The pace of repair is not bad but there is concern among the crop farmers, because a lack of spare parts at the start-up of field work could leave about 6,000 tractors out of action. The trouble stems from violation of the agreement by the First Moscow Ball-bearing Plant and certain other enterprises in the Ministry of Motor Vehicle and Agricultural Machine Building, which is not doing a good job of managing the work of its subordinate plants, responsible for supplying farms with the necessary spare parts and assemblies for tractors and agricultural machinery.



## AGROTECHNOLOGY

### Agricultural Sciences Academy Meetings Reported

#### Moscow VASKhNIL Meeting

904B0181A Moscow SELSKAYA ZHIZN in Russian  
22 Mar 90 p 2

[Article: "Scientists' Forum"]

[Text] A session and a general annual meeting of members and corresponding members of the All-Union Academy of Agricultural Sciences imeni V. I. Lenin with the participation of managers and specialists of scientific production associations, production associations, farms, and enterprises were held in Moscow on 20-21 March.

At the session, academician A. A. Nikonov, VASKhNIL president, presented a report on the concept of APK development for the 13th Five-Year Plan and the more distant future. Changes in and supplements to VASKhNIL bylaws were also examined at the general meeting. Academician V. P. Shishkov, secretary of the VASKhNIL Presidium, made a report on the work of the Academy's Presidium in 1989.

Many scientists, managers of scientific production associations, farm and enterprise workers, and USSR people's deputies, who widely participated in the session, took part in a discussion of the scientific concept of development of the country's agro-industrial complex in the next few years. Ye. S. Stroyev, secretary of the CPSU Central Committee, V. V. Nikitin, chairman of the State Commission on Food and Purchases of the USSR Council of Ministers, A. F. Veprev, chairman of the Committee on Agrarian Problems and Food of the USSR Supreme Soviet, Pitirim, metropolitan of Volokolamsk and Yuryev, and others also spoke.

USSR people's deputies from VASKhNIL made brief reports on their work.

Gold medals and diplomas of prize winners were handed to a group of scientists for outstanding achievements.

(A report on the session and the general annual meeting of VASKhNIL will be published in one of the newspaper's next issues).

#### Moscow Session Proceedings

904B0181B Moscow SELSKAYA ZHIZN in Russian  
23 Mar 90 p 2

[Report on session: "Scientific Concept of APK Development"]

[Text] The restructuring and democratization of our society's life and the course of economic reform forced us to reexamine many traditions and views and to give serious thought to the future. What should be done in order to really help the country to provide the people with everything that is necessary, first of all, with food products, to

fulfill the program outlined by the March (1989) Plenum of the CPSU Central Committee, and to eliminate tension in society? The session and the general annual meeting of VASKhNIL held in Moscow on 20-21 March of this year were devoted to these problems.

Recently we have become "spoiled" by innovation. Therefore, from any conference without fail we expect changes. This expectation was also felt in the hall of congresses of the Kosmos Hotel, where managers and specialists of scientific production associations, farms, and enterprises, not only scientists, gathered. It was fully justified: This time the VASKhNIL Presidium submitted the concept of development of the country's agro-industrial complex for the 13th Five-Year Plan and the more distant future, as well as the academy's new bylaws, for discussion. Members of the Committee on Agrarian Problems and Food of the USSR Supreme Soviet, people's deputies, whose ardent speeches we often heard when laws were being adopted, even Pitirim, metropolitan of Volokolamsk and Yuryev, and in the world Prof Konstantin Vladimirovich Nechayev sat next to them in the presidium of the meeting and in the hall. In all, as the chairman announced, more than 1,000 people gathered in the hall.

#### At the Sources of Big Changes

The report by VASKhNIL President Aleksandr Aleksandrovich Nikonov was laconic in a parliamentary manner. It will not be an exaggeration to say, he began, that we are in a state of agrarian crisis. What is its essence? A shortage and a low quality of products, stagnation and high production expenditures, land degradation and an ecological crisis, and destruction of the rural way of life. According to FAO data, in our country since 1961 the level of self-provision with food products has declined from 100 to 92 percent, whereas in West European countries it has risen from 88 to 97 percent and in North America, from 106 to 116 percent. Imports occupy a high proportion in our food balance.

The production potential of the agro-industrial complex is utilized extremely inefficiently, extensively, and, at the same time, destructively for the environment. The tendency toward the growth of resource intensiveness of agriculture has not been overcome. We are wasteful, as before, and the recovery of production expenditures in our country is much lower than in developed foreign countries.

The ecological situation in rural areas is also deteriorating. In many regions the content of humus in the soil has been reduced by one-third. According to academician I. S. Shatilov's calculations, the annual accumulation of humus from organic fertilizers and crop residues totals 147 million tons, while losses due to erosion and mineralization, 264 million. In intensive farming zones 134 million hectares are polluted with atmospheric industrial waste. One-third of the crop output contains pesticides, including 10 percent—above the permissible

level. Approximately the same share of agricultural products does not correspond to sanitary and hygienic norms in the content of nitrates.

The social development of the countryside, the entire infrastructure, and, especially, road construction lag seriously. The sociopsychological atmosphere in rural areas has worsened and rural culture is in a neglected state. The migration of rural residents to cities continues, although it has decreased slightly recently.

We should work out, the president continued, and then submit to government bodies the concept of development of the agro-industrial complex, as well as define our tasks for its realization. It has absorbed the socioeconomic and scientific-technical studies performed by VASKhNIL scientists.

The political, economic, social, and legal discrimination against peasants, which has lasted for decades, has destroyed the previous agrarian system in the country. Man's detachment from the means of production and products produced by him, the complete governmentalization of property, the unification of management forms, and the undivided rule of the command system have had an especially destructive effect on agriculture, where economic processes are interwoven with biological processes and any outside interference only harms it.

The freedom of economic activity is an indispensable condition for the efficiency of the agrarian economy. But it did not exist. No matter what part of the economic mechanism we took—planning, labor organization, or finances—instruction and routine held sway over the peasant everywhere. He was not free in his economic, social, and even technological choice.

The inefficient structural and investment policy, lag in the development of the material and technical base of agriculture and processing sectors, and acute shortage of highly productive, reliable, and ecologically safe equipment did not make it possible to form efficient technological systems.

Agriculture also proved to be not very receptive to scientific and technical studies. The very fate of domestic agrarian science is just as tragic as that of the peasantry. In the 1920's-1930's in many directions of agricultural research we occupied the leading position in the world. However, the reprisals against Vavilov, Chayanov, Kondratyev, and many other honest researchers, ban on the freedom of speech and creative work, persecution of "dissent," low pay for mental labor, rejection of the cultural legacy of the past, and the policy of the "iron curtain" in relations with foreign countries—all this also led science to a disastrous state.

We, the speaker stressed, face the need to take radical steps to develop the agrarian sector. Everyone understands this. However, in society there is no unanimous opinion as to what path to follow and what priorities to choose. Two approaches to agrarian transformations

have been uncovered recently. The first proceeds from the fact that economic relations in the APK, the level of independence of farms, the system of planning and management, and the financial and credit mechanism make it possible to solve the food problem and to accelerate social and economic progress in rural areas. Performance discipline, capital investments, and material and technical resources are the chief things that are lacking. If you raise the power-worker ratio, improve social services for rural areas, and strengthen discipline, the country will not know food difficulties. This approach can be conditionally called technocratic, in a good sense of this word, that is, paying principal attention to the development of productive forces of the agrarian sector, but it hardly touches upon production relations.

The second point of view proceeds from the need for their immediate and radical alteration. Distribute land to peasants, its advocates say, permit its purchase and sale, change over to the market, and the country will be fed and all problems will be eliminated.

In our opinion, the truth, as always, is in the middle. We need an all-embracing agrarian reform encompassing both the development of productive forces and improvement in production relations. The latter direction deserves principal attention, because no saturation with resources, even if they are needed acutely, will give the expected effect if they are not used skillfully.

#### What Does Science Propose?

What is the essence of the concept of APK development proposed by science? At the first stage (1990-1992) to concentrate efforts and resources maximally on reducing losses of products, primarily grain, milk, potatoes, fruits, and vegetables, and, owing to this, to increase their commodity output significantly with a relatively small growth of gross production. During this period it will be possible to eliminate tension in the population's provision with potatoes and vegetables everywhere and to improve the supply of bread, flour, dairy, and other products. For this it is necessary to more widely utilize the advantages of advanced forms of management. Under conditions of the existing shortage of goods and resources the market mechanism in the APK should be gradually put into operation as a means of overcoming it.

At the second stage (1993-1995) on the basis of production growth, strengthening of the material and technical base, development of advanced forms of management and trade and procurement activity, and reform in purchase, wholesale, and retail prices and in the financial and credit system it will be possible to fully meet the country's needs for dairy products and to raise the level of consumption of meat and meat products, especially poultry, and vegetable oil. During the 14th Five-Year Plan, to meet the demand for all food products and to establish a base for the output of a wide assortment of biologically adequate food meeting the needs of various population groups.

The concept's initial positions are as follows:

- recognition of the priority of man's—the rural worker's—interests and granting him the unconditional right to choose forms of management, direction of his activity, and disposal of the produced products and obtained net income, as well as high legal protection;
- transition to a new social policy in rural areas envisaging the creation of normal conditions for the development of basic life supporting spheres—public health, education, and trade—here during the next decade;
- development of commodity-money relationships in the system of economic ties among all APK links and ensuring an equivalent exchange of agriculture with industry;
- increase in the receptivity of agro-industrial production to the latest achievements of scientific and technical progress and to the level of its scientific support;
- rise in agro-industrial production on the basis of resource saving, increase in labor productivity, and use of advanced technologies and the new generation of machinery and equipment;
- ensuring priority in investment and technological policy for ecologization of agro-industrial production as the only possible way for preserving the natural habitat and people's health and utilizing natural resources efficiently.

The concept is based on the fact that highly efficient work of the agro-industrial complex is a statewide task and should be accomplished as a priority direction in economic and social policy. All national economic sectors supplying the means of production and other material and technical resources to the agro-industrial complex, as well as the supply sphere and other service systems, should be oriented toward this.

The establishment and functioning of an efficient economic mechanism and the organization of healthy economic relations—they can develop according to several versions—are the key problems in the socioeconomic renewal of the agro-industrial complex. The version envisaging radical economic changes based on regulated market principles is the most promising and balanced. In accordance with the laws on ownership and land diverse economic forms should be developed. Significant changes will also occur in systems of planning, price formation, taxation, and credit and financial levers.

Radical economic reform in the APK is based on a diversity of forms of ownership and management. For an efficient functioning and competitiveness it is necessary to create equal conditions for them and, in particular, to see to it that state cooperative enterprises, as well as citizens managing peasant, private subsidiary, and other farms,

- are owners of the products produced by them and have the right to choose the form of their sale and the appropriate procurement organization, using contractual relations; have equal opportunities in material and technical provision for agricultural production;
- sell produced products at prices set on common principles;
- dispose of the obtained income at their discretion;
- can voluntarily assume the execution of the state order;
- have the right to state (local) subsidies with due regard for the programs, in whose realization they take part on a voluntary basis (or against assumed obligations);
- are taxed on the basis of common principles and have equal opportunities to receive credit;
- have the right to choose forms of economic activity and to establish the necessary managerial and service structure on a voluntary basis.

The following will develop:

- farms working on principles of cooperation of internal economic structural units, leasing collectives, and individual peasant farms organized on a voluntary basis;
- leasing enterprises, whose collectives lease the means of production and land. The internal economic structure of such farms, as a rule, is also built on leasing principles;
- kolkhozes, which retain existing forms of production and management organization, with an extensive development of diverse internal cost-accounting forms;
- state enterprises, in which management, as a rule, is carried out on an elective basis.

The number of peasant farms will increase. For the sale of their products, organization of services, and other purposes they will cooperate both among themselves and with kolkhozes, sovkhozes, and other enterprises. To strengthen this economic structure, a special program for state support for peasant farms will be developed and appropriate legislative acts will be adopted.

Private subsidiary farming should also be managed on a new basis. It will become an economically equal partner in public production interacting with it on the basis of mutual interest and benefit.

A central place in the new economic mechanism is assigned to price policy.

Price formation will have to be restructured in several stages. An interconnected and flexible system of purchase, wholesale, and retail prices of products of the agro-industrial complex will have to be introduced.

Along with price factors a system of nonprice stimulation of agro-industrial production should be established.

In the area of financial and credit relations the principle of cost accounting and self-financing and of a flexible state economic regulation of agro-industrial production will be developed further.

Many of those who spoke at the sessions noted that it was necessary to develop a system of preferential taxation for APK enterprises, including on the profits of processing enterprises obtained as a result of an increase in the production of high-quality products, or their new types, as well as those assigned for retooling and reconstruction, and on the profits of kolkhozes and sovkhozes when they are used for the construction of projects of the social sphere and roads, training and improvement in the skills of personnel, implementation of major nature protection measures, performance of experiments, and payment for contracts with scientific organizations. Tax privileges should also be applied to the income of newly established peasant farms in the country's regions where there is a labor shortage.

In the current year unsecured debts on past years' credits should be written off from kolkhozes, sovkhozes, and other APK enterprises, but such practice must be eliminated as of 1991. At the same time, it is necessary to single out regions with unfavorable conditions for life and production (mountain, northern, and so forth) and to develop goal-oriented revival programs for them, which should provide for a preferential management regime and for other measures of a socioeconomic nature.

Participants in the session stressed that the transition to goal-oriented program planning for the solution of the most complex problems would be of great importance for APK development.

Land reform is being carried out in the country. Its goal is to change over to new types of production relations based on the transfer of land to citizens and collectives for possession, charge for land use, and priority of ecological demands on production. These changes should become the basis for the social and spiritual revival of rural areas. Three stages in it have been outlined and basic principles of land taxation, as well as of the state program for the support of peasant farms, have been examined. This program should include accelerated production of appropriate equipment for them, granting of credit on preferential terms, help in the purchase of productive livestock and seeds, provision with building materials, and assistance in the construction of residential and production premises. It is especially important to organize a system of training future farmers.

However, many of those who spoke at the session pointed out the inadmissibility of the campaign system in the implementation of any measures by spurts—an

all-around approach is needed in everything. For example, VASKhNIL academician V. R. Boyev said the following:

"It is of some use to mention what, for example, the noisy campaign for consolidating or breaking up farms into smaller units, for transforming kolkhozes into sovkhozes, and, conversely, for overall and specialized brigades and links gave. However, this was a long time ago. A new optimistic wave—concerning the contract and leasing—has risen quite recently. A sensation concerning the new elixir, which allegedly can solve all problems—of working peasant or individual farms—is developing. Their all-Union association has already been established. One small thing is lacking—to find farms, which on separate small plots of land with family labor will be able to create an abundance of food in a short time. However, for this appropriate conditions must be ensured for them. But, it is reasonable to ask, why should the same conditions not be created for the normal production and financial activity of kolkhozes and sovkhozes, where all the possibilities for production intensification and, what is very important, for their social renewal at the level of national economic standards have already been created?"

#### On the Verge of Progress

The session also examined the structural changes and restructuring in investment policy in the APK envisaged in the concept, in particular, problems of production specialization, development of grain farming, in particular, rise in the output of high-protein crops, improvement in the use of fodder land, increase in arable land, and cultivation of the most valuable crops. For example, R. V. Kondratyev, chairman of the Far Eastern Department of VASKhNIL, pointed out that in the Far East there is still very little arable land and it will have to be increased sharply—by 600,000 to 650,000 hectares—in order to greatly raise the production of grain, feed, and, in particular, soybeans. However, people, equipment, and fertilizers are very needed. There is an acute shortage of them.

Speakers at the session touched almost upon all directions in scientific and technical progress in agriculture and, especially, in the sphere of storage and processing, which lags intolerably and constitutes the main hindrance to APK development. In particular, VASKhNIL academicians L. K. Ernst, I. A. Rogov, and V. I. Ivashov spoke about the need to apply special efforts precisely there. Specifically, the latter stressed that, whereas previously the Ministry of Machine Building for Light and Food Industry and Household Appliances produced equipment worth half a billion rubles for the meat industry, now plans are made to produce equipment worth 3 billion rubles. In this leap one element, that is, scientific support for the transfer of the meat industry to new conditions, puts us greatly on the alert.

"Today we have scientific support only at the stage of processing technology," the scientist said. "But what is

next? Unfortunately, not a single section in machine science for the food industry is developed in our country. For now there are no testing stations, nor do we know who will engage in the testing of equipment for reliability, efficiency, and so forth."

Various aspects of production intensification in all APK sectors, primarily, of course, in farming and animal husbandry, are substantiated in the concept in a many-sided manner. There are extensive opportunities for their rapid development and a big scientific potential has been accumulated, but it is still utilized very poorly. In particular, this was discussed by Doctor of Agricultural Sciences G. S. Pokhodnya, deputy chairman of the Kolkhoz imeni Frunze in Belgorod Oblast, A. F. Veprev, chairman of the Committee on Agrarian Problems and Food of the USSR Supreme Soviet, V. V. Nikitin, chairman of the State Commission on Food and Purchases of the USSR Council of Ministers, and by many others.

Academician A. N. Kashtanov, vice-president of VASKhNIL, in accordance with the new law proposed that a new nondepartmental service—the Committee on Land—which exists, for example, for timber—be established. It should head the implementation of the Law on Land, including the work of land use surveyors, control over the use of land resources, and observance of land legislation. The section for the optimization of water management, the scientist said, should be better reflected in the concept. Both industry and agriculture are now based on this.

Scientists also drew attention to the fact that it was necessary to fundamentally improve the ecological situation in agriculture, to ensure the most rapid and universal transition to an integrated plant protection system, and to place the use of fertilizers under the strict control of the agrochemical service.

"The ecological danger of production in rural areas is determined by the big diversity and volumes of application of chemical agents, as well as by erosion processes, the use of heavy equipment, and reclamation, which at times leads to undesirable shifts in the water regime," VASKhNIL academician I. S. Shatilov said. "That is why it is necessary to increase in every possible way the content of organic carbon, that is organic fertilizers, in soil. This is the task of all farms—not tomorrow, but today."

Of course, problems concerning the social renewal of rural areas set forth in the concept, measures aimed at ensuring socially equal standards of living in urban and rural areas, and creation of a cultural and spiritual atmosphere more favorable for life attracted the participants' special attention.

"Science is a complex concept," Pitirim, metropolitan of Volokolamsk and Yuryev, said from the session's tribune, "and I think that sociology and the science of man's spiritual life are some of its important components. In this sense, religion has always been and will remain a very important factor. First of all, it is necessary to take into consideration man's inborn abilities for the natural labor, for which he is intended by nature itself. After all, he is part

of it—the inspired part of nature—and I think that both we and all of you should be most of all concerned about this, about his spirituality, because without the revival of the human spirit we will hardly be able to manage successfully both the material values bequeathed to us and the continuation of our race."

Ye. S. Stroyev, secretary of the CPSU Central Committee, who spoke before the participants in the session, showed the economic and social reasons for the present complex situation of our rural areas and the APK as a whole in many regions.

"Agriculture has been an investment donor for the development of other sectors for too long," he said, "for so long that the peasant no longer has any interest in enterprising and highly productive labor and he himself has turned into a hired worker enslaved to such a degree that he has lost the sense of being the master and love for land, for his small homeland, and for the way of rural life. It will take us a long time to recover from this grave legacy."

The destruction of rural areas led to the destruction of the soul, decline in morality, and loss of man's sense of self-importance. Rural areas lost the intellectual worker and the master, about which academician I. S. Shatilov spoke so ardently. Instead they produced a bureaucratic system of power, which lay on the peasant's shoulders as an additional burden. Orders from above, from offices with different signboards, are almost called a new policy. At the same time, main problems of the ordinary worker, who for a long time has been waiting for concrete and quick actions, not beautiful words, are not being solved...

Having analyzed the situation created in the APK and having examined a number of measures to improve it, Ye. S. Stroyev especially noted the role of scientists and of the use of the scientific potential in this matter and stressed that today for VASKhNIL there is no more patriotic a task than to maximally gather all scientific forces and to assign them for the establishment of mobile and flexible scientific subdivisions and systems for help to our rural areas in their sorest spots of life and production. It is precisely scientists who should concentrate their efforts and, moreover, mobilize the entire young intellect capable of fighting in an especially active manner for perestroika and of solving urgent problems in practice.

The session adopted a corresponding decree on the concept as a whole.

#### Central Asian VASKhNIL Meeting

904B0181C Tashkent SELSKAYA PRAVDA in Russian  
2 Mar 90 p 1

[Article by V. Zimenko: "To Whom Much Is Given..."]

[Text] Agricultural science in our region has a vast potential. More than 80 scientific research and planning-design and other organizations and higher educational institutions are engaged in scientific support for agro-industrial production. Tens of thousands of scientific

workers, more than 2,000 candidates, and hundreds of doctors of sciences participate in this work.

Conditions ensuring an in-depth integration of science and production have been created. In Uzbekistan nine new scientific production associations operate at the base of head institutes. An integrated system unifying scientific institutions of agriculture, forestry, water management, and processing and service sectors has been basically formed.

Last year the region's agrarian scientists entered many good deeds on the credit side of their ledger. In accordance with the republic plan for the introduction of scientific and technical achievements in the agro-industrial complex, the department's institutes introduced 262 developments with an estimated economic effect of 207 million rubles. Twenty-two new cotton varieties, many new varieties of grain, fodder, vegetable, and melon crops, rice, and ambary were transferred for state strain testing. For 1990, four new cotton varieties were regionalized and four were considered promising. In every sector there are definite achievements, which deserve a separate discussion. Everything cannot be enumerated in a brief newspaper report.

Agrarian science was represented in a fitting manner at exhibitions of national economic achievements of the republic and the USSR and at international fairs in Vietnam and Erfurt. The developers of the Nukus-2 variety were awarded the Prize imeni Beruni.

All this is good and natural. As the saying goes, a great ship needs deep waters. However, to whom much is given, more is also asked from him. Therefore, having talked in one breath about the pluses during the past year, which was very fruitful scientifically, we will not close our eyes to the imperfections, lack of agreements, unfulfilled advances, and debts owed by science.

A completely new social, economic, and ideological situation has now been created in the agro-industrial complex: Many developments and recommendations have either become obsolete, or their application does not give the maximum return under conditions of an extensive introduction of new economic mechanisms, leasing, and various forms of mutual contract relations, individual (farmer) activity, and development of private subsidiary farms.

Science was taken by surprise to some extent. It not only was unable to ensure a forecast, but in 4 years of perestroika was unable to restructure the topics of scientific research for the solution of problems connected with the new forms of management on land and with new production and economic relations.

It was noted before and now there is even greater reason to state that the Central Asian Department of VASKhNIL and its institutes still poorly affect a rise in the efficiency of agrarian production. The yield in cotton growing, vegetable raising, and grain and feed production is low. The processing of agricultural products

continues to remain a bottleneck. Economists lag behind the swift-flowing passage of time.

A sad fact: In 20 or 25 years, cotton growing technology has not undergone significant changes, that is, in fact, it is marking time. Fundamentally new technologies capable of ensuring a revolutionary leap in the sector are not being developed. Having lost sight of the search for new technological solutions, the All-Union Technological Cotton Growing Center, which the Soyuzkhllopok Scientific Production Association is, has been losing this role in the last few years. It no longer has the traditions and schools of scientists, for which the institute was famous during past years.

The problem of mechanization of precision sowing remains acute. The level of irrigation mechanization in the republic steadily does not exceed 3 percent. Three-year tests of prototypes of cotton harvesting machines have not shown their advantage over series ones and require further improvement. There is no clear concept of operation of the machine and tractor pool under conditions of leasing, which is developing ever more extensively, and of various types of contracts. The Central Asian Scientific Research Institute of Mechanization and Electrification of Agriculture virtually does not engage in the development of small-size machinery.

We cannot brag about the new potato variety in production, which is so needed by the republic. In Uzbekistan, the productivity of cattle is the lowest in the country and the barrenness of the breeding stock is the highest. This fact "roams" from one annual meeting of scientists to another.

As M. S. Gorbachev noted, "perestroika is a decisive turn to science and businesslike partnership of practice with it for the purpose of attaining the highest final results..." However, we cannot say that a close interaction of scientific institutions with subdivisions of Goskooptkomselkhoz and directly with kolkhozes, sovkhoses, and processing enterprises has been organized in our republic. The distance between research and its introduction has not yet been overcome. Production does not know what science will prepare for it and with what it will gladden it in 1 or 2 years and, therefore, is not ready to adopt an innovation. The forms of integration of science with production, which have been created in the form of scientific production associations, in reality have turned out to be a change of signboards without tangible, real results and have hardly affected mutual relations between science and production. Entire units for scientific support for the Food Program have remained outside the zone of direct effect of the VASKhNIL department.

A special talk about ecology and environmental protection, which every year requires ever greater attention and an accelerated adoption of fundamental measures. The degradation of the Aral Sea, to which ever newer dangerous zones—depletion of irrigated land, pollution of rivers, and poisoning of the environment with the

waste of the aluminum plant in Tursunzade—are added every day, has caught us by surprise, as did the new economic mechanism. A program for scientific research for 1990-2010 on the scientific and technical problem "To Develop a System of Management of Agriculture in the Aral Sea Basin," whose executors include 43 institutes, has now been developed. This means that the problem has taken us by surprise—the points "Evaluation of Present Natural and Anthropogenic Resources in the Aral Sea Basin and Until the Year 2010... Evaluation of the Quality of Water Resources"—have been introduced into the program only now. Moreover, we lag behind here—this program has not received financing for 1990 from VASKhNIL and the USSR State Committee for Science and Technology.

And another matter of no small importance—personnel. It has already been said that formerly famous traditions of Uzbek scientists are being lost. There is also the fact

that the present group of scientists does not have time, as was the case with the Aral, to introduce leasing relations. Consequently, our science must also go through the crucible of perestroyka. Graduate students represent the personnel potential of science. The plan for admission to graduate studies has been fulfilled and even exceeded. However, 74 people were admitted, but for various reasons, including failure, 25 people were dismissed. Such a level of scientists' training cannot but alarm us.

To be sure, it is enough to enumerate different "nos" and "nots." It is time to place a full stop. It is clear that an abundance of pluses will not yet outweigh the scale with minuses. Or, in other words, what has been done in agrarian science gives hope that our agrarian scientists can and should do what they have not done and settle their debts with agriculture. Then perestroyka will find support in science.

## POLICY, ORGANIZATION

### Statistics Behind Unfinished Construction Examined

904C0007A Moscow *EKONOMIKA I ZHIZN*  
in Russian No 10, Mar 90 p 19

[Article by G. Zholudev, chief of the Capital-Construction Statistics Administration of Goskomstat SSSR [USSR State Committee for Statistics]: "We Are Building More, but We Take Longer to Build"]

[Text] Empty boxes for housing that the plant did not bring to life....All this is "nezavershenka" [unfinished construction]. For many years now it has put a distressing burden on the country's economy, and it devastates an already poor state purse. There has been talk for so many years about the need to reduce it and to bring it to the norm. But.... But it increased again in 1989. And this means that once again resources aimed at construction have not given the proper yield. Again, the builders' wages (just for work frozen in above-standard "nezavershenka," for which four billion rubles have been paid out), do not correlate in essence, with the final result.

Again, millions of tons of cement and metal and thousands of cubic meters of lumber have been frozen at "dolgostroy" [projects that have been under construction for a long time]....

### We Wanted Something Better But We Got Something Worse

While in the preceding years of the five-year plan the goals for introducing the most important facilities into operation were met 65-73 percent, in 1989 only half the goal was met.

The goals were not met by a single construction ministry or agency except for Lithuanian Gosstroy [State Committee for Construction]. The result has been a sharp jump in "nezavershenka"—from 158.3 billion rubles at the end of 1988 to 180.9 billion. In so doing, its share in total capital investment reached 94 percent (!) versus the standard of 74. The above-standard amount proved to be twice that of 1988.

Prescriptions for the fight against "nezavershenka" have been known for a long time, and one of them is that of achieving a sharp reduction of the work front, which includes a reduction in capital investment on new construction.

Last year we tried to reduce state capital investment, but still the attempt ended in the amount rising by 3.4 billion rubles, exceeding the established ceiling by 2 percent. If we had managed to suspend and mothball even a fourth of the production capacity, then more than 10 billion rubles could have entered the national income during the year.

The plan for introducing fixed capital was underfulfilled by 13.7 billion rubles, because of which there was a shortfall of 2-3 billion rubles in national income.

The orientation to new construction, in turn, does not allow a rise in the readiness level of the backlog of accomplished construction work, which for production construction as a whole was 19 percent at the start of 1989 versus the standard of 43 percent established for the 12th Five-Year Plan, and for the backlog of accomplished work at projects due for advanced startup it was only 53 percent instead of 80.

The construction projects that enterprises erect through their own funds rise up like mushrooms after a rain. Their number increased by 48 percent during the year. Half the growth of "nezavershenka" in the metallurgical complex and about 80 percent in the forestry and chemicals complex came at projects there that were being executed through funds of the labor collectives.

### They Updated, It Is Said....

The increase in capital investment still could be justified if it promoted the reequipping of production capital. Judging by plans of branches of the economy, rebuilding and reequipping will be done with scope. But let us consider the following figures.

Of the 14,000 carryover construction projects included in the 1989 plan, construction time was exceeded at 2,500 facilities, it more than doubled at half of them. While 2.3 percent of obsolete elements of fixed capital were replaced in 1985, 2.7 percent were replaced in 1988; in fuel and power the figure was 1.5-fold in 1985 and 1.9 percent in 1988; in the metallurgical branch the figures were, respectively, 2 and 2.4 percent. At the start of the 12th Five-Year Plan, it was specified that 5-6 percent of the equipment should be updated annually.

A survey conducted by USSR Goskomstat showed that only six percent of the new machinery and equipment that had been assimilated in the machinebuilding complex exceeded the best world counterparts in the aggregate of their specifications. As a result, equipment that was on about the same level as existing equipment was used for reequipping and rebuilding.

Why did this happen? Because of the fact that, as before, we spent our main efforts and funds on the erection of boxes, not on updating the equipment. The share of equipment in the total volume of state capital investment for production purposes is 45 percent, while in the U.S. it is more than 70 percent. How can one speak seriously about scientific and technical progress?

### The Housewarming Was Not Held

But on the other hand, attention to the housing program never wavers! USSR Gosstroy has discussed its implementation many times. And the result? For the first time in the current five-year plan, the annual task for turning housing over for use was disrupted.



The introduction of apartment houses into operation through state capital investment was cut by four percent, and through the funds of housing-construction cooperatives and kolkhozes by 10 percent.

It is clear that the scale of individual housing construction has expanded in most of the Union republics, although last year the total credits issued by USSR Sberbank [Savings Bank] institutions for construction and overhaul of individual housing was 1.3 billion rubles, which is 23 percent less than for the preceding year.

It would seem that since people want to build themselves, freeing them of concern about housing, the state must help them in every way. Incidentally, that is how it was at first and what was called for. However, this is not being done in practice. The curtailment of credits pursued a good aim—that of balancing financial resources with the building materials. And, as a result, primarily people who had already accumulated substantial savings were helped to begin construction of their own housing. Those poorly provided with housing, including, as a rule, families with many children, who were in dire need of improved housing conditions, came out losers.

#### **Without a Rudder and Without a Sail**

Measures apparently have been taken to increase building-materials production. But as a matter of fact the output of many types of them declined in comparison with 1988. In the Stroymaterialy associations, for example, a fourth of all the enterprises did not fulfill their contractual commitments, and in RSFSR Min-sevzapstroy [Ministry for Construction in the Northwest Economic Region] 28 percent of the enterprises did not do so. The builders suffered shortfalls, respectively, of 67 million rubles and 22 million rubles worth of their products.

Construction-industry enterprises did not meet annual goals for the output of panels and other constructional structure for 1.6 million square meters of large-panel type housing construction, which could have built more than 30,000 apartments—almost one-and-a-half percent of the amount introduced annually.

Large-panel housing construction enterprises introduced in 1988-1989 had a workload only one-half of their capacity. Out of 21 types of capacity for producing progressive building materials, the program for facilities due for advanced startup was not met for 17 of them.

What was the reason? Objective circumstances? No, more likely subjective circumstances. Last year the ministries concerned were reorganized. It is very good that staff manning was reduced. But it is very bad that the branch's control was weakened.

Alas, it must be established that our whole construction complex was left, as they say, without a rudder and without a sail. I am not calling for a return to an administration that simply issues orders, but it is obvious that a replacement for the former management methods must be sought.

How to get out of the prolonged crisis?

It will not be possible to do so if we build beyond our means. Only a sharp reduction in the work front will enable realism in plan calculations to be provided, and that also means raising exactingness toward the builders.

With the new year, the builders' work is being evaluated according to the finished facilities that have been turned over. And their whole well-being depends upon this indicator. But the builders are displeased. Letters are going to central economic organs that insist on repeal of the new procedure. Of course the former situation suited the builders; they failed to introduce facilities and still lived comfortably. Now all of society is paying for this comfortable life.

## POLICY, ORGANIZATION

### Enterprise Leasing Proves Profitable

904D0121A Moscow KOMMERCHESKIY VESTNIK  
in Russian No 8, 1990 pp 12-14

[Excerpts from article by N. Zybin: "Address of Progressive Experience: The Explosive Effect of Leasing"]

[Excerpts] This correspondent visited the "Rabochaya Odezhda" MPShO [Moscow Production and Sewing Complex]. The first thing he noticed was, affixed to the wall of the entrance hallway, the usual help wanted list. The only entry on the list was for a janitor. In the past, there used to be a long list of various positions. Now, it is rumored that there is a waiting list and that the entire female population of the town of Vostochnyy, where the MPShO is based, dream of working at that enterprise. Another rumor in the town is that after the lease expires, or even before that, the female collective of "Rabochaya Odezhda" will use the funds they earn to buy out their enterprise from the superior organization and become the collective owner. It is not surprising: this is what the trend has been.

Some exhibits were difficult to reach. Many visitors not only stared but argued that it was impossible for worker wages to double in just one year.

"Yes, but this is leasing, its so-called 'explosive impact,'" countered a guide at the exhibition "Leasing and Collective Contract in the Economy." It was organized at the start of the year—very timely, in our view—by the USSR State Committee on Labor, the VTsSPS [All-Union Central Council of Trade Unions] and the USSR VDNKh [Exhibition of Economic Achievement]. Its goal is to show how leasing relations in this country are producing profound changes in the economic system and in forms of ownership. Are we, by developing leasing relations, making a step toward socialism, or is it a temporary measure like NEP [New Economic Policy], or a tactical move to revitalize the economy? The exhibition provides the answers.

Using the experience of 208 enterprises and organizations of union, union-republic and republic ministries and agencies, it shows the most important thing: who owns goods produced by enterprises when they shift to leasing. Under socialism, only producers—i.e., workers, those who supply the labor—are allowed to own goods, with the state rightly claiming a certain share of the final product. This is evident when the structure of leasing and the exhibits at the show are studied.

[passage omitted]

Let us return to the room where the argument about the "explosive force of leasing" began. Enormous interest was generated by enterprises producing consumer goods: the Dmitrov china plant, the Sologodsk sewing plant, the Smolensk knitwear plant and the "Rabochaya Odezhda"

MPShO, as well as exhibits of shops at enterprises belonging to various ministries producing consumer goods.

The "Rabochaya Odezhda" MPShO makes fashionable and very fashionable men's wool and wool blend trousers, cotton work pants, stone-washed jeans and fur-lined jackets and uniforms for welders and geologists, all of which are popular with young people. In short, they make deficit goods that do not stay on the shelves for long.

What changed as far as ownership is concerned when a labor collective, "Rabochaya Odezhda" for instance, leased investment and working capital of its enterprise for a period of 13 years from the Russian territorial complex for producing work and specialty clothing? At first glance, nothing, since the enterprise remained the property of the state. Only conditions of distributing the economic accountability profit changed. This profit became the property the lessee.

"Rabochaya Odezhda" sold more than R25 million worth of output to retail stores in 1988 and over R38 million in 1989. The increase amounted to R13 million. Is it not an "explosive impact"?

Revenues of R38 million from the sale of output were used to pay total production and other costs, contributions to the state budget and payments to the superior "Rosspetsodezhda" complex in the form of set installments (under the conditions of the lease agreement, they do not depend on the results of the business activity of the enterprise, and do not vary even if the lessee loses money). The remaining share of revenues was not surrendered to the state and represented the so-called economic accounting profits. In our example, it totaled R18 million, or nearly half of the overall revenues. Moreover, that money was earned by selling output produced above plan. Such were the special features of leasing at the "Rabochaya Odezhda" complex.

Before leasing, 83 percent of total revenues had to be surrendered to the state and the enterprise retained only a minuscule share. Before leasing, the MPShO, after selling output produced above plan, had to surrender the same 83 percent share to the state and could keep nothing for its plant, social programs, greater compensation, etc. Now, on the other hand, the money (the R18 million) is kept by those who earned it. This is the highest manifestation of social justice. Is it not the "explosive impact" of leasing? Judge for yourselves when workers had more incentive to produce trousers above plan—before or after leasing?

The greatest change in relations between the state and the collective was the unregulated distribution of the economic accountability profits, which the lessee is now free to allocate to industrial and social development funds, financial reserves and compensation. In other words, the dictatorship of the superior organization has been abolished.

The general meeting of association employees decided to contribute 27 percent of the money to the industrial investment fund and a similar share to the social development fund and chose to give out 42 percent of their economic accounting profits as compensation. They left only 4 percent in reserve. And look at the results:

In a little over a year wages jumped from R257 to R470 a month, with crew chiefs at production shops earning more than managers, or up to R540!

The money from the social development fund goes to buy trips to resorts and sanatoria and sports equipment; to provide assistance to a school, a hospital and a professional training school and to young families. Here is one example: one young family got a grant of R6,000 to make a downpayment on a three-room cooperative apartment.

It is impossible to describe in a single article all the new forms used by the enterprises showing at the USSR VDNKh. But before concluding, let us remind our readers that in addition to leasing there is lease and collective contract. These words derive from the Russian verb "to contract," when a group of workers or a crew contracts to do a job.

In the consumer goods industry, a form of contract has become popular whereby the enterprise leases to the collective all equipment of a shop. The same forces come into play here as in leasing. The only difference is that the equipment of the shop or of the crew remains the property of the enterprise.

At the Murom imeni Ordzhonikidze plant, the collective of the cast iron and enamel kitchen pot shop signed a 2-year leasing deal with management. The shop makes duck-roasting pans, three types of pots and frying pans. Thanks to their economic accounting profits, the shop's workers were able to build up the industrial investment, science and research, social and compensation funds and financial reserves. The collective itself decided to set up such funds and allocated money into them.

The results are as follows: production costs were cut 5 percent and return on investment rose 10 percent. Prior to shifting to lease contract, the shop sold 178,500 sets of pots to the retail trade system, compared to 204,000 sets this year. The average wage rose to R376 per month. It should be noted that here the plan is defined in terms of pieces and not weight, and broken down by type of output. The raw materials and inputs that were saved were used to broaden the assortment of goods and to increase output. Both producers and consumers benefited. Leasing is worth fighting for!

## FOOD PROCESSING, DISTRIBUTION

### Moscow Food Sales Restrictions Anger Kalinin Oblast Citizens

904D0129A Moscow TRUD in Russian 31 May 90 p 3

[Article by B. Leonov: "Sausage with a Moscow Residence Permit"]

[Text] The decision of a session of the Moscow City Soviet concerning the sale of foodstuffs and manufactured goods on the basis of passports with a Moscow residence permit has provoked a strong reaction amongst the population of the central oblasts of Russia. Specifically, here is what G. Volovich, TRUD correspondent from Kalinin, has reported.

"Meetings, petitions, demands for reciprocal sanctions—such is the reaction of Tver's cities and rayons to the 'cordon' for customers from other cities being erected by the capital's authorities.

"A meeting of the presidiums of the Kalinin Oblast Council of People's Deputies and the oblast trade union council has taken place. The participants have sent a message to the Moscow authorities demanding that the decision be rescinded. Corresponding telegrams have been sent to the councils of ministers of the republic and the country. In the absence of a positive reply the intention is to discontinue, as of 1 June, shipments of livestock products from the oblast to Moscow as well as to introduce the sale of goods on the basis of a passport with a Kalinin residence permit. The latter will affect the thousands of Muscovite summer cottage residents and the residents of the capital's rest homes 'registered' in the picturesque corners of the Upper Volga."

Similar moods and opinions are being expressed also in other communications from oblasts adjacent to Moscow. The Chairman of the Yaroslavl Oblast Trade Union Council, Yu. Shcheglov, in his telegram to the editorial office of TRUD and the Congress of People's Deputies of Russia demands, in the name of the members of the oblast's trade unions, the rescinding of "the passport principle of trade" in Moscow, warning that otherwise the enterprises and organizations of the oblasts adjacent to the capital will suspend the shipment of foodstuffs and manufactured goods to Moscow...

The situation, it cannot be denied, is tense and capable of further heating up conditions that are already acute. It is understandable that the new leadership of the Moscow Soviet has resorted to measures which the Baltic republics and Leningrad "patented" some time back by introducing a "residence permit" for goods and products in its stores.

Not only Muscovites, but also the inhabitants of those oblasts where there already is practically nothing to buy, began to buy up everything in succession in the Moscow stores. Rumors concerning the impending price increases, and then also the speech of the head of

government, from which many understood primarily that high prices are inevitable, whipped up the already high speculative demand. Literally everything—noodles, vermicelli and other not very popular provisions—were swept off from the capital's counters in the very first days. Some stores sold in a day or two what they sold in a month. One could increase the amount of goods even ten times and it all, apparently, would be bought up in an instant.

Naturally, the "Moscow fathers" could not observe all this without concern. They took an emergency measure, but hardly one, I think, that is the most rational both from an economic and a political viewpoint. And the point is not even that Moscow is threatened with a "blockade" on the part of certain suppliers of foodstuffs and consumer goods. The "passport fence" has not protected and can hardly effectively protect the capital's counters from "excess" customers. However, it has further untied the hands of the petty speculators, of those who for a glass of vodka or five rubles in spot cash are ready to give their own passport with a Moscow residence permit to any out-of-towner. Perhaps you will understand this situation... And it has given one more opportunity to dishonest trade workers to sell meat and sausage from the "back entrance."

Moscow's leaders have announced that they are introducing this measure only for two weeks. Well, this period will fly by, having excited the nerves and having given rise to a lot of unfavorable criticism addressed to the leaders of the capital and the country. What then? The "city fathers," as they themselves admit, for the present do not have a clear answer to this question.

Yes, it's useless today to consider who gives more to whom: Kalinin and Yaroslavl—to Moscow or the capital's industry and science to the provinces. Such debates will yield nothing except senseless animosity. Perhaps it's worth returning to an old idea, as one of the leaders of the Moscow Soviet did in a telephone conversation with us: transfer some part of the food stocks which the capital itself, most likely unwillingly, "appropriates" to those producer oblasts which supply Moscow and then transport them in "sausage commuter trains." But this is a half-way measure. For in the immediate future those coming to buy will hardly decrease. And there is a danger here that from the reduced stocks and opportunities Muscovites who work will hardly be able to acquire anything for themselves. Therefore, it seems to me that there is only one solution under the present conditions (most unpopular and perhaps even disgraceful for the seventy-third year of Soviet power): distribution of food products on the basis of ration cards. Temporarily, of course, until we actually work out market relationships and a system of monetary compensation, until the market will permit, if only in some measure, relieving of the acuteness of the shortage. Everything that appears above established norms one will be able to sell at market prices. But some minimum of foodstuffs must be guaranteed to every one. I understand, of course, that this is far from being beyond question...

### Incentives Lead to Increased Meat Availability in Saratov

904D0086A Moscow SOVETSKAYA TORGOVLYA  
in Russian 13 Mar 90 p 2

[Article by N. Matveyeva, Saratov: "Average Statistical Meat"]

[Text] *Those who do not have it...Statistics assure us that in 1989 I ate 66 kilograms of meat. But I didn't! My wife and I are retirees. We are given (and everything is strictly by the coupon here) one coupon per kilogram of meat and per 0.8 kilograms of sausage.*

*In the market, meat usually appears only during the fall-winter period. And the prices, as we say, "bite."*

*Yet according to statistics everything is normal. But should figures be averaged? After all this is unfair: one individual will eat 100 kilograms of meat per year, another will eat hardly 20, yet the figure of 120 kilograms for the two is impressive.*

*In one of the special issues, you wrote an article based on a discussion with various directors regarding how they have organized the meat trade. Of the eight, only two—V. P. Popov of Altay Kray and M. I. Gerasimov of Mari ASSR—responded that their data does not contradict the official statistical data of 66 kilograms. The data of the other six regions—the Kuban, Moldavia, Karelia, the Bashkir ASSR, Vladimir Oblast (and Uzbekistan—is considerably below the official numbers. So who is eating the "average statistical" meat?*

[Signed P. Pechenitsyn, participant in the war, retired. Glazov, Udmurt ASSR]

...and those who have it. It is not difficult to understand the author of the letter. If you receive a sparse share, you will involuntarily respond with disbelief when people try to convince you that you too have eaten your "average statistical" meat.

And who is eating it, after all?

In the provinces, one often hears, "Yes, it's you, you residents of Moscow and Leningrad, who have eaten up all the meat!" But the people of Moscow complain that the meat shelves are becoming poorer before their very eyes. So where is the meat?

In RSFSR Gosagroprom [State Agroindustrial Committee], I received the angry answer, "Pull yourself away from your Moscow! Go somewhere else. Where?...Well, you can even go to Barnaul, or Saratov!"

Let it be Saratov—it's a little closer. The local administration warned me only about one thing—in Saratov not all stores sell meat; right now there isn't enough of it to "spread around." In the city, there are 406 food stores subordinate to the trade administration. Last year 26 of them sold pork and semi-processed products, and 42 sold poultry. Today it is planned to increase the number of the former to 49 and the latter to 65. Sausage is sold

according to state prices only in one store. There is practically no beef at all on the free market; it is available only for invalids, veterans, mothers with many children, and so forth. But sausage meat, cutlets and meat dumpings are available. In addition, two stores of the Saratov Association for Poultry Raising and the city cooperative trade association operate within the city. It is possible to buy semi-processed meat products in Kulinariya stores. The Kooperator store appeared to be the most affluent. Pork, beef, lamb, semi-processed products, boiled and smoked sausages, smoked pork products, wonderful meat pies which are sold right out of the oven (there is a confectionary shop on the premises), all kinds of salted products, jams, plus several cafeterias with grilled products, tea, coffee and other items create some kind of "overseas" impression.

It is true that Saratov residents themselves have different attitudes toward their meat assortment. In Store Number 3, Yubileyny (poultry, duck, pork, cutlets, a selection of aspic and headcheese), an elderly woman who did not want to mention her last name, stated: "If I could live this way to the very end of my life!" But in Store Number 45 of Leniniskiy Rayon (hens, chicks, pork, leg of lamb, grilled chicken, sausage sold according to cooperative prices, ingredients for aspic), a woman of much younger years complained, "You can't live on chicken alone and the pork is usually very fatty. Beef has to be bought in the market, and there it is very expensive. Sausage is also expensive. The leg of lamb is also fatty. No, I am not happy with our stores!"

Well, everyone is entitled to his own opinion. We are far from satisfying everyone, although in discussing Saratov stores we must add that from morning until night it is possible to buy sweet butter, milk and dairy products in the stores, that a basic selection of vegetables is always available and that there are no interruptions in the supply of groats and pasta products.

Today when USSR Goskomstat [State statistical committee] frankly reports that in one out of five of 445 cities studied there is a coupon rationing system for meat and butter, when we have already become accustomed to coupons for soap and sugar, when questions of strict norms are being fervently discussed in sessions of the Supreme Soviet and in the press, that which I was able to see in Saratov brings hope that there are perhaps possibilities, after all?...And if there are possibilities, how do we achieve them?

Of course the question is not a simple one. The answer to it must be looked for not only within the sphere of agricultural production but also in the position that was precipitously taken several years ago by the oblast's administration.

The oblast's new course can be outlined in the following way: instead of a portion of grain—feed. At the same time, a great deal had to be changed. But because today's conversation is about store shelves, we will leave out "technological fine points" and immediately note the

results of the changes—during the current five-year plan as compared to the previous plan, meat production increased by 26 percent, milk production—by 14, and egg production—by 11 percent. But if today's producer did not have a right to keep above-plan products for himself, the percentage of growth would probably not have been reflected so obviously in the condition of the shelves.

But the change in priorities in the oblast's agricultural industry is only a springboard for Saratov changes. In replenishing food resources, each branch makes its contribution, which is determined by the fundamental program, "Food," (there are two others—"Goods for the People," and "Housing"). The rank-and-file buyer would probably name as the leader the Saratov Association for Poultry Raising, which was able to remove the urgency of the meat problem initially with its rapidly-maturing products and which is now expanding the assortment to the limits of "tastiness," (it was in Saratov that one heard for the first time about chicken frankfurters...).

Following hens and chicks, rapidly-maturing pork appeared on the shelves. For today there is still the problem of changing the assortment—consumers are not happy that pork usually contains a great deal of fat.

What did Saratov specifically achieve from the aforementioned changes? We saw what there was to see in the stores. The figures behind this are the following: whereas in 1985, 65,000 tons of meat of state resources were used internally, in 1989 the figure had already reached 87,000 tons. Add to that the products from subsidiary plots of industrial enterprises (there are 326 in the oblast and according to data of RSFSR Gosagroprom, they produced 18 kilograms of meat and 34 of milk per worker of "their" enterprise per year).

The oblast consumers' cooperative is also not playing the last role in implementing the Food Program. Its contribution last year alone for the common good was 17,000 tons of meat. Meat procurement from the population keeps growing. Procurement points, no matter how small, have been opening in almost every settlement. The network of processing enterprises is developing—40 sausage shops alone have been opened. In Engels a shop is being built with a capacity of 6 tons of sausage items per day. Cheesemaking shops are also being built.

It is another matter that in consumers' cooperatives the prices remain high and that as of now there is no reason to expect them to drop. Cooperative workers explain this by saying that recently a strong competitor has appeared—kolkhozes and sovkhoses, which themselves purchase livestock from their kolkhoz farmers and use it as part of their state deliveries.

This new competition is the subject of a special discussion, but for the given subject the following is interesting. Having the choice of two procurers, with one (the enterprise) attracting him with feed and the other (the consumers' cooperative) with goods that are in short supply, the kolkhoz farmer selects the third variant, the

market, more and more rarely. This means that prices remain high there. For example, a kilogram of beef costs 6 rubles. In the cooperative it is cheaper—3.90 rubles. In general you will never have to call the market poor.

These are the basic ways and reasons why workers have been able to sharply alter the situation in Saratov food stores during the last 1-1.5 years.

"But we are not heroes!" says G. P. Razzhigayev, deputy chairman of the oblast executive committee, as if anticipating excess enthusiasm. "Today Saratov is supplied with meat and meat products better than other cities in the oblast, and our goal is to have everyone live equally."

(This is why the average statistical figure for "per capita consumption" is not brought out—it can look very effective but not reflect the actual situation. Reality is on the shelves).

Actually, this is not a new task but a continuation of the old. On the path toward its achievement lie many difficulties, beginning with breeding work in enterprises and ending with the stuffing for dumplings in meat combines. But there has been a beginning, the machine is going full speed, as they say. If the aforementioned figures and my personal impressions do not convince someone, I can present the following fact: during last year's meetings in Kuybyshev and Volgograd among numerous slogans there was also one that stated, "Do What They Did in Saratov!"

## HOUSING, PERSONAL SERVICES

### Economist Proposes Solutions to Housing Problems

904D0081A Moscow PRAVITELSTVENNYY  
VESTNIK in Russian No. 10, Mar 90 pp 6-7

[Article by A. Zaychenko, candidate of economic sciences, consultant to the State Commission on Economic Reform of the USSR Council of Ministers: "Housing: 2000 Problems"]

[Text]

#### How We Live?

At first, about how we are provided with housing. A total of 91 percent of all the families have separate apartments. At the same time, 38 million people have a living space of no less than 5 square meters. Every second family living in a separate apartment has up to 9 square meters of housing per person—less than virtually in all developed countries throughout the world. Every sixth out of 14 million families standing in line for improved housing waits for more than 10 years. A total of 12 million people live in dormitories.

#### Facts and Figures:

In order to increase the provision of the country's population with housing, on the average, by a total space of 1 square meter, it is necessary to invest about 130 billion rubles in the development of housing and municipal services.

On 1 January 1989 the average provision of the USSR rural population with the total space of dwelling houses was 17 square meters per inhabitant and exceeded the average provision of the urban population by 2.3 square meters.

Meanwhile, at the beginning of 1986 the level of per-capita provision with housing in European countries averaged about 38 square meters, in the United States, more than 40 square meters, and in Japan, 26 square meters of useful space (in the USSR—14.9 square meters). Taking into consideration that, according to the data of the USSR State Committee for Statistics, volumes of capital investments of the United States and the USSR in comparable prices were approximately the same for a long time (including during the 11th Five-Year Plan), such a comparison can serve as a guideline in the determination of immediate and distant goals in the solution of the housing problem in our country.

Capital investments allocated for the development of housing construction in 1981-1985 show that, on the average, in the USSR they comprised 15 percent and in the United States, 23 percent in the total volume of investments. According to our evaluations, in the United States the available housing accumulated by 1985 was approximately 2.5-fold bigger than in the USSR. This determined the almost 3-fold gap in the level of per-capita provision with housing.

The dynamics of commissioning of housing in the USSR during this period, according to the number of apartments, is more favorable than in the United States both in absolute terms and per 10,000 inhabitants. At the same time, in the per-capita commissioning of apartments we lag almost 1.5-fold behind Japan.

In the area of commissioned dwelling houses we are second to the United States almost 2-fold. The average useful space of one apartment in new construction in our country is about 59 square meters, in the United States, 145 square meters, and in Japan, 87 square meters.

#### Is a Housing Market Needed?

In order to provide every family with a separate apartment or an individual house, a full-fledged housing market will have to be established. It should radically change the presently existing administrative procedure of granting state housing, which corresponds neither to the socialist principle of distribution according to labor (apartments are granted free of charge and only a small part of the cost is collected for their operation), nor to the right to housing proclaimed by the USSR Constitution

(many people stand in line 10 to 15 years and longer), nor to the principle of social justice (as a rule, large and young families live worse).

#### **What Are the Advantages in the Establishment of a Housing Market?**

First, this will make it possible to solve more rapidly and in an economically more efficient manner one of the main social problems—by the year 2000 to provide every family with an apartment or an individual house. Even with an unconditional fulfillment of the assignments for the "Housing-2000" Program the living conditions of no less than 50 million people will still remain below the norm of 9 square meters of living space per person. Market factors will expand the limits of the population's effective demand for housing and will accelerate the establishment of a strong and modern housing construction base.

Second, available housing will strengthen the effect of economic stimulators of individual and social labor. When working, everyone seeks to improve his well-being, including housing. The experience of developed countries points to a direct relationship between comfortable housing and the level of labor productivity.

Third, the adoption of the moderately radical version of economic reform, as well as of laws of property, leasing, and land, will draw most of the newly commissioned housing into the sphere of market relations. In turn, the housing market will facilitate the formation of a market for the means of production.

Finally, the principles of payability and full cost recovery of available housing will have a strong anti-inflationary effect. By the middle of the 1990's the realization of such measures will ensure an annual entry of 20 to 30 billion rubles, as a minimum, into the budget and by the year 2000, a total of 40 to 60 billion rubles.

Under present socioeconomic conditions an immediate transition to a full-fledged housing market, as well as full self-financing of housing expenditures for most families, is not yet possible. The whole point is that with the present level of real income and the existing structure of consumer budgets the overwhelming part of the funds is spent on food, clothing, and alcohol.

It is appropriate to mention that in the USSR the population's participation in the solution of the housing problem before 1986 was negligible—about 10 percent of the volume of investments in housing construction—and of enterprises and kolkhozes, 9 percent. The state financed more than 80 percent of the new construction. More than 75 percent of the expenditures on the maintenance of available housing in our country are financed by the state budget and the population's rent covers less than one-fourth of them. However, as effective demand rises and the share of personal consumption in the gross national product increases, the drawing of available housing into the market turnover will occur in a relatively painless manner.

It is necessary to promptly take measures to reduce state housing construction to the level of no more than 70 to 75 percent of the capacity of house building enterprises and, subsequently, to 40 or 50 percent. This will strengthen direct contractual relations with clients and will weaken the monopoly status of state enterprises. At the same time, it is necessary to establish new contract organizations under cooperative and leasing conditions. House building enterprises and organizations will be financed only with the funds of Union republics, executive committees of local soviets, and organizations and with bank credits. The released capacities of state construction organizations should be assigned for filling the population's orders—to individual and cooperative housing construction.

Apparently, in the future it will be necessary to give up the mandatory deduction of housing in favor of construction organizations and to establish for their workers a general procedure for getting apartments. This will reduce the influx into this sector of unskilled personnel interested only in getting apartments and will increase the responsibility of managers of construction enterprises in the creation of the necessary housing and social and domestic conditions for their workers.

#### **How To Create Available Housing?**

Social, economic, and psychological difficulties in the transition to market relations in the housing sphere presuppose a gradual increase in market, not only commodity and money, resources. This will occur in several stages.

#### **Facts and Figures:**

In accordance with the decisions of the March (1989) Plenum of the CPSU Central Committee a total space of 280 million square meters of dwelling houses will be commissioned in rural areas.

As of 1 January 1989 a total of 13.9 million families and about 40 million single people were registered for improvement in housing conditions in the country's cities. About 5 million people live in dilapidated houses unfit for occupancy.

The measures proposed by the government to the 2d Congress of People's Deputies presuppose that the economy of the transitional period will be formed in 1990-1992, during which it is not yet possible to create a housing market. Therefore, principal attention should be given to its normed distribution, which would guarantee social protection for man. Consequently, for the transitional period it is important to substantiate the combination of payability and nonpayability in granting apartments to the population. A gradual expansion of payability in housing and the establishment of a certain socially guaranteed norm of its free (or preferential) granting and of a mandatory provision of a minimum

norm for every family with complete freedom to purchase surplus housing at its personal expense with full payment for the cost of its operation are most advisable and socially justified.

A set of new laws determining the functioning of the national economy with due regard for the development of diverse forms of socialist property and market relations will begin to operate actively at the next stage of radical economic reform, that is, approximately in 1993-1995. The formation of the market will continue in all economic spheres, except for the housing sphere, where supply will still lag considerably behind effective demand for the bulk of the population.

Apparently, during this period we should sharply expand housing cooperative construction, adopting a number of additional privileges for members of house building cooperatives and individual builders. The volume and share of state housing construction will have to be lowered and some construction organizations will have to be transformed into cooperatives with the right of sale of ready apartments and single-apartment houses by them. It is also necessary to begin leasing out state dwelling houses, which have not served the depreciation period, to house operation partnerships or cooperatives with the establishment of the appropriate rent in favor of local soviets.

Regional cost accounting will make it possible to increase the interest of local authorities in providing all citizens with housing on a socially guaranteed level or higher—in accordance with the financial possibilities of families.

Presumably, the USSR new economic system should be embodied finally in 1996-2000. During this period all available state housing should be transferred to the ownership of, or leased out to, partnerships and cooperatives or to families—either for a charge or free of charge—depending on the wear of buildings. The possibility of significantly increasing the requirements for a socially guaranteed level of the population's housing conditions will appear at that time and by the end of the period we will be close to the formation of a housing market.

#### What Does It Cost Us To Build a House?

Individual housing construction, whose volume is to be doubled during the 13th Five-Year Plan, as compared with this five-year plan, and tripled during the 14th Five-Year Plan, will become the main source of increase in available market housing during the 13th and 14th five-year plans, especially in rural areas, small and medium-size cities, and settlements. Therefore, councils of ministers of Union republics, the Gosplan, the State Committee for Material and Technical Supply, the USSR Ministry of Trade, the Central Union of Consumer Cooperatives, and banks must significantly improve material and technical supply for individual housing construction. In particular, during the 13th Five-Year Plan it is important:

- to ensure a full satisfaction of trade claims for market allocations for centrally distributed building materials;
- to sharply increase the production of local and other building materials in republics, krais, and oblasts for their own needs;
- to establish for trade organizations a priority procedure of sale of building materials to individual builders, as well as to the population, for house and apartment repairs.

Apparently, it is necessary to examine the question of lowering the interest rate on credit, especially in cities, where in 25 years with a credit of 20,000 rubles the payment of interest alone will total about 8,000 rubles. Thought should also be given to new forms of drawing the population's funds into individual housing construction. For example, to sell homestead-type houses built with state funds on the basis of instalment payments, as is done in Bulgaria.

#### Facts and Figures:

**The delivery of commercial and sawn timber to the market for the needs of housing construction comprises no more than two-thirds of the claim of the USSR Ministry of Trade.**

**A total of 1.8 million families want to enter house building cooperatives.**

**The commissioning of dwelling houses of a total space of 661.8 million square meters, or 11.4 million apartments, is expected during the 12th Five-Year Plan. At the same time, during the 13th Five-Year Plan the average apartment space will be increased from 58.9 to 65 square meters.**

Local soviets of people's deputies should be permitted to establish a procedure, under which no less than 20 percent of the built cooperative apartments will be sold for the full value without granting credit for housing construction. This will make it possible to additionally draw approximately 1.8 to 1.9 billion rubles annually from the population for housing construction.

Numerous privileges have now been established for citizens, who are engaged in individual housing construction, enter house building cooperatives, and buy apartments in available state and public housing for private ownership. However, these privileges are not sufficiently effective. Therefore, obviously, thought should be given to their further expansion (extending the period of repayment of received credits, reducing the amounts of initial payments for housing construction, increasing the amounts of financial help with the funds of enterprises, organizations, and institutions, especially to newly married couples and badly-off families, and so forth). Such a privilege as exempting individual builders from tax payments for a period of up to 10 years after the completion of construction is also possible.



In order to financially interest tenants in exchanging a big living space for a smaller one, it is necessary to establish an official additional charge on citizens who improve their housing conditions. At the same time, one part of the charge should be paid to the state budget and the other should be handed over to the tenant who gives up surplus housing.

The housing program should envisage a dynamic development of cooperative forms of housing construction, in which citizens standing in line for state apartments would be interested primarily. This requires additional privileges for entry into housing cooperatives for citizens standing in line for state apartments; first of all, their priority admission to cooperatives, as well as payment for only part of the cost of apartments depending on the period of standing in line, including the admission of individuals, who have stood in line for more than 15 years, into a housing cooperative completely without payment for the cost of the received apartments.

With respect to improving the housing conditions of citizens, who are not among those in acute need, it is possible to retain for them the existing forms of house construction by house building cooperatives.

As it seems to us, the realization of these proposals will sharply shorten the lines for state housing and will increase the proportion of available housing, whose operation and repairs will be carried out by cooperatives without subsidies from the budget, which will lower the unprofitableness of our housing services.

#### **What Does It Cost Us To Buy a House?**

The establishment of a new mixed state and cooperative form of available housing in the country can also be proposed as a new approach to the formation of a housing market.

Available state and cooperative housing can be formed through the joint activity of executive committees of local soviets and cooperatives especially established under them for these purpose. Available state and cooperative housing will be established on the basis of available state housing and will be expanded by drawing the monetary contributions of members of appropriate cooperatives.

The following is its basic principle: Retaining for members of cooperatives that are being established nonpayment for housing previously received from executive committees, enterprises, and organizations and ensuring more comfortable housing conditions for an additional payment, which is made into the personal account of a cooperative member and can be returned when he leaves it.

In order not to violate the principles of social justice, the financial participation of enterprises and organizations interested in improving the housing conditions of their workers is also permitted within the framework of available state and cooperative housing. Thus, in the next few

years any citizen, who has a personal account for state living space, provided it is below the established minimum sanitary norm, will be able to improve his housing conditions and, subsequently, as the acuteness of the housing problem is reduced, any citizen—within the limits of the maximum norm established for house building cooperatives.

It is also necessary to give thought to and to substantiate with due regard for the experience of socialist countries the possibility of gradually drawing the population's personal funds into the financing of state housing construction and payment for expenditures on its operation and repairs. For example, the organization of apartment loans and contributions, issue of special housing shares, offering of housing in incomplete form, in which citizens will perform the remaining jobs at their own expense, and establishment of a so-called "entry fee" when receiving an apartment in a state house are possible.

It is advisable to examine the problem of leasing out indefinitely and free of charge (with the right of inheritance, but not sale) apartments in available state housing to citizens, establishing that after 25 or 30 years of leasing, provided apartments are maintained in an exemplary manner, they become the lessor's private property, as well as other possible forms of transferring housing to citizens for private ownership. Such a transfer can also be legalized in the form of a one-time act of gift of state housing to those who live in it with rent covering all operating costs. This does not signify termination of the granting of free housing, for example, to those who receive it for the first time and have a length of service of 20 years, to disabled persons, and so forth.

#### **Facts and Figures:**

**Individual dwelling houses of a total area of 22.7 million square meters were commissioned in 1988.**

**About 40 percent of the housing—approximately 1.8 billion square meters—is privately owned by citizens.**

**In order to reach the goals of the year 2000, it will be necessary to build 1.5-fold more housing than we have now.**

Thus, social justice in the solution of the housing problem will be attained, first, through the utmost provision of incentives and expansion of privileges and subsidies for families which invest their own funds in the construction and maintenance of housing and, second, through various forms of drawing the population's funds into the financing of construction and operation of available state housing.

It is no less important to overcome the existing stereotype to the effect that a family receives an apartment once in a lifetime, to simplify the procedure of exchanging and subleasing (leasing) dwellings, and to establish intermediary cost-accounting organizations engaged in providing such services to the population with payment at the established rates.

Apparently, it is worth permitting the sale of apartments to citizens for private ownership in all available low-story state and public houses. According to specialists' evaluation, there are approximately 500 million square meters of such houses on the balance sheets of enterprises and local soviets, or about 20 percent of the total volume of available state housing.

This will increase the interest of tenants in the upkeep of their apartments, free housing operation organizations from expenses on the maintenance and reconstruction of such houses, and reduce their losses by 1.2 to 1.5 billion rubles.

In conclusion, I would like to stress that one of the main features of housing policy at the present stage lies in shifting the center of gravity of this problem's solution to localities with due regard for territorial self-administration and cost accounting and increase in the economic independence of Union and autonomous republics.

## PERSONAL INCOME, SAVINGS

### Official Poverty Line Calculations Criticized

904D0078A Moscow TRUD in Russian 7 Mar 90 p 1

[Article by A. Kormilkin, section head of the combined department of the VTsSPS on questions of social development: "The Subsistence Wage: Some Observations on Different Ways of Calculating It"]

[Text] More and more I have begun to notice sad omens on the streets of the capital, in underground crossings, at marketplaces, and near cemetery gates... The poor who had nearly vanished are reappearing. I remembered my childhood, those distant postwar years, when not long ago late at night I saw an old woman glancing over her shoulder in shame and digging in the garbage. It was painful to see that.

Similar examples have the most direct connection to the discussion being held in the pages of TRUD on the topic of the quality of life in our country. Is it improving or declining? What should the (minimum) subsistence wage be? There is no clear answer to these and other questions. At the same time, judging by official statistics, people have increasingly more money. Last year, for example, the increase in incomes alone came to almost 64 billion rubles. So does it follow that we are growing richer?

It is difficult to interpret this figure without taking into account two factors. First, with the shortage of goods that worsens with each day, it is becoming increasingly difficult to buy essential items and foodstuffs, even when one has the money. And second, behind this calculated average the sad fact is hidden that by no means everyone is getting a pay increase. Moreover, the position of many of those living under the poverty line (and there are tens of millions of them) has become even more difficult. In

other words, the rich are getting richer and the poor poorer. We must reckon with this troubling fact.

The cost of living is rising literally before our eyes. Even if we take generalized figures, the following picture emerges from the data provided by the USSR Goskomstat [State Committee for Statistics]. The aggregate per capita income for industrial as well as office and professional workers increased in the last year by eight percent. But their outlays for the purchase of non-foodstuffs rose by 13 percent, and expenditures on foodstuffs rose by four percent. Moreover, because of rising shortages, expenditures by profiteers for goods rose by 40 percent. As we see, the high cost of living has largely swallowed up the salary increases. But what happens to those whose incomes are not increasing, particularly those on pensions and students? The increase in pensions has by no means affected everyone. How can an elderly person living alone survive on 50 or 60 rubles?

And in general, what is the criterion defining poverty? Work is now underway on determining the subsistence wage in our country. This is very important and, above all, necessary in order to defend the economic interests of the population group which is inadequately provided for. What did the calculations show?

There are a number of points of view here. But it seems that for those working in government bodies immediately involved in the given problem, the figure arrived at in the variant which Goskomstat provided—78 rubles—was most to their liking. Of course this is a generalized indicator which is necessary to make calculations for the national economy as a whole. On its basis the total subsistence wage for particular regions of the country and population groups is calculated. But using precisely this figure we can determine the "base" level, or the reference point with which to begin.

How did they arrive at these 78 rubles? Specialists who have worked on the calculations say that they base this total on their study of world experience. Well, let us look into this. There are various methods of calculating the minimum consumer budget: normative, statistical, and mixed approaches. In the majority of Eastern European and also in a number of capitalist countries the first of these, the normative approach, is preferred. The attraction of this method is its scientific approach to people's needs, or its consideration of the physiological norms required to ensure the full recovery of energy the organism expends and to fuel normal adult activity and childhood development. It is true, there is an essential shortcoming to this method. Included in the consumer's basket are goods which may not be found in stores or which a family cannot afford.

On the other hand, the statistical method is not based on theoretical estimates, but on data reflecting the population's real consumption of necessary goods. The chief argument used by proponents of this method is that it relies on concrete, contemporary factors. Incidentally, this is precisely how the size of the subsistence income is

calculated in the USA. There they use as their base the cost of a minimum "grocery basket," which includes an assortment of products that are necessary for a normal life. Then on the basis of an investigation into families' incomes and expenditures, they determine what share of minimum expenditures go into non-foodstuffs and services.

However, it seems to me that this method, which is acceptable in the USA, is not very well suited to our country. The statistical method, in essence, as it were, reinforces all of the shortcomings of the structure of consumption which is unfolding here—one in which, frankly, a large group of people live in poverty. Let us take, for example, a Soviet family with an average income of up to 50 rubles per person per month. In a year it consumes an average of 21 kilograms of meat (while the minimum norm is 54 kilograms), as a rule using bread, groats, and potatoes, which are not equal in price, as substitutes. (One hundred forty-nine kilograms of bread products per person—this is one and one-half times above the rational norm.)

Thus, applying the statistical method, we automatically include in our calculated minimum consumer budget the chiefly carbohydrate-based nutritional model that has emerged in our country at a time when the majority of developed nations have long since shifted to a diet high in protein and vitamins. The situation with the non-foodstuffs part of the consumer's basket is no better.

It is curious that the two agencies entrusted with determining the subsistence wage have used different methods. The USSR Goskomtrud [State Committee on Labor and Wages] used the normative method, and the USSR Goskomstat used a combination of the normative and statistical methods. Specialists of the VTsSPS [All-Union Central Council of Trade Unions] are also working on their own variant in an initiative project and have called in a number of research organizations. We will consider the minimum as it is calculated in both versions.

The minimum consumer budget and the level of aggregate income corresponding to that level in the last year came to 78 rubles (per capita), according to the calculations of the USSR Goskomstat. (We should note that this does not take into account inflation and kolkhoz market prices.) The specialists at the USSR Goskomtrud arrived at a very large total (in the neighborhood of 100 rubles). What is at the root of this discrepancy?

It can be explained by the fundamentally different contents and prices of the assortments of items in the non-foodstuffs consumer baskets used. Also, clothing, underclothes, and footwear were chosen which will wear out at different rates. There is also a difference in the estimates for the pace of inflation.

In order to judge which variant is more precise, additional in-depth research is needed. I would just like to say a word for now about the preliminary estimates VTsSPS specialists are making. I will give my personal

opinion, since the work is not yet finished. First of all, one must proceed from the notion that under the present conditions of general shortages it is impossible to avoid purchases at kolkhoz markets. It would be expensive and ineffective to create a system of special distributors who could supply those inadequately provided for with goods at government prices. So taking into account the prices at kolkhoz markets, according to our estimates the subsistence wage came to 89.6 rubles. But that is still not the total sum.

The trickiest point involves tobacco and alcohol. Many economists protest, "How can you include goods in a minimum budget which are harmful to the health?" Of course they are harmful, but we have to look at life realistically. There are 70 million smokers in our nation, or 44 percent of the able-bodied population. That is why I consider it necessary to consider expenditures on tobacco goods as well. Also, it would make sense to consider some share of expenditures on alcoholic beverages, since they will in any case be paid for with the money set aside for other items in the family budget, even including those designated for children. Incidentally, these expenses are as a rule included in calculations of the minimum consumer budget abroad.

And if all of these expenses are added together, the minimum consumer budget (at 1988 prices) comes to 92.3 rubles.

But that is still not all. When we speak of the size of the subsistence wage in the present year we must take inflation into account. The USSR Goskomstat made a two-percent correction for inflation in its estimates. But according to our estimates, which are based on several essential goods (and which are supported by data provided by economists from the NIEI [Scientific Research Economic Institute], affiliated with the USSR Gosplan [State Planning Committee], as well as the USSR Academy of Sciences Institute of Economics, etc.), the pace of inflation came to five to seven percent last year. Thus, with this in mind, the size of the minimum consumer budget, under the conditions prevailing at the beginning of 1990, comes to an average of 97-99 rubles per month per person. This, we easily see, is much closer to the variant offered by Goskomtrud than the one advanced by Goskomstat.

Of course, all of these are preliminary estimates—they require further study. But in my view it is essential that this work be done without secrecy, so that every phase of it is exposed by the searchlights of glasnost. I am deeply convinced that this research should be completed in the next few months in order to establish a subsistence wage (poverty line) in our country through legislature. And most important, we must devise a mechanism for helping those population groups which are inadequately provided for. This is a source of pain and shame for us, and dragging our feet on this issue would be unacceptable.

**Economist Notes Standard of Living Decrease in 1989**

904D0079A Moscow ARGUMENTY I FAKTY in Russian No 10, 10-16 Mar 90 p 1

[Article by A. Gorshkov, candidate of economic sciences: "The Population's Welfare and Inflation"]

[Text] *A report of USSR Goskomstat (State Committee for Statistics) on the socio-economic development of the country in 1989 was published at the end of January. The growth of practically all the most important economic indicators, including those characterizing the welfare of the population (wages, etc.), was noted.*

However, the growth of the indicators which has been recorded by "impartial" statistics does not reflect their real change taking inflation into account. Not having made such a correction, the country's chief statistical department also did not disclose its full scale. According to USSR Goskomstat's report, inflation came to 7.5% in 1989. However... the increase in prices for consumer goods, which was accompanied by a deterioration in the quality (or in the best case, unchanged quality) of the goods and services, was not taken into account. According to data from the Scientific Research Economics Institute under USSR Gosplan the growth of inflation due to this factor alone amounted to 11%. It is simply impossible to ignore such substantial inflationary "food."

I think that the real scale of inflation in 1989 amounted to no less than 16.5% (11% due to price increases and 5.5% because of the unsatisfied demand of the population for goods and services). Taking the actual scale of inflation into account, all the indicators of the population's welfare in 1989 decreased appreciably in comparison with 1988 and did not increase as USSR Goskomstat claims.

If existing inflation growth rates are maintained, our ruble will "get thinner" by 50% within 2 to 3 years.

Inflation in our country now "eats up" not only the entire increase in material wealth created, which could ensure a growth in the well-being of the population, but also part of the wealth which the population already had available as a result of past labor. That is to say, the conditions created in the national economy in 1989 for increasing the people's welfare were not realized in practice due to excessive inflation. The well-being of the people has decreased even further because a mechanism for the social protection of the population has not been created up to this point and state measures directed at securing and maintaining an achieved standard of living have not been developed.

Is our government thinking about this problem? It's thinking... and plans to introduce cost of living indexing by 1997. So that we have only 6 or 7 years left to suffer.

## FUELS

### Oil, Gas Sector Supply Problems Noted

904E0085A Moscow NEFTYANIK in Russian No 3,  
Mar 90 pp 7-8

[Interview with USSR Minneftegazprom [Ministry of the Oil and Gas Industry] Material and Technical Supply Department First Deputy Chief Aleksandr Semenovich Smirnov by G. Topuridze under the rubric "Our Interviews": "A Course of Renewal—State Orders and Resources"]

[Text] *The state system of material and technical supply has been altered considerably in recent years, as is well known. This has caused certain difficulties in providing the enterprises and organizations of the petroleum industry with the essential resources. How do matters stand today? Our correspondent discussed this question with the first deputy chief of the Material and Technical Supply Department of USSR Minneftegazprom, A.S. Smirnov.*

[Smirnov] The changes in material and technical supply were aimed, first of all, at a gradual conversion from centralized to decentralized procedures for the distribution of resources. While the range of products for which requirements in the national economy were virtually balanced was converted to decentralized supply procedures first, in recent years the most scarce types of resources have begun to disappear from centralized distribution.

The supply of shaped steel plating (the need for this type of resources for the whole national economy was only 60-70 percent covered), glycols (the sector was supplied with them a little over 50 percent), commercial salts, chemical reagents etc. was thus converted to direct ties without basis. The greater portion of building materials (linoleum, slate, paints, enamels etc.), shortages of which are being experienced by all enterprises, and not just in our sector, have been converted to wholesale trade.

The new supply system assumes access to direct contacts with suppliers, and it is there, in the free market, that the petroleum workers often encounter insurmountable difficulties. We have, on one hand, not been granted the right to sell our basic products—oil and gas—freely, since the state orders and additional targets actually equal 100 percent of our production capacity. The supplier enterprises, on the other hand, are demanding mutual deliveries of acutely scarce resources or first-category hard currency in exchange for their products. So it turns out that the machine builders, with state orders of 30 to 70 percent, are in a more advantageous position than the petroleum workers. Even the petroleum refineries that use our products have state orders of 80 percent, and they can provide for themselves comfortably on the free market in the face of an acute scarcity of fuel.

[Topuridze] The picture you have drawn is not a happy one, Aleksandr Semenovich. But the oil workers have an interest in how the state order is supplied with resources for 1990 anyway, don't they?

[Smirnov] One innovation in the organization of supply was the fact that the provision of state orders and additional targets for the sector overall will not exceed 70-75 percent for the beginning of this year, while the allotted limits for the principal types of materials distributed by USSR Gosplan make it possible to count on the production of 530 to 568 million tons of petroleum and gas condensate—that is, considerably below the state order.

[Topuridze] There are no few instances when the petroleum workers, establishing direct ties with supplier enterprises, run up against the fact that they are asked for pipe, motor vehicles, computers and other equipment, as well as hard currency, in exchange for the equipment they need. How do you regard that?

[Smirnov] Today we have a mass of examples of the fact that suppliers are demanding reciprocal deliveries of timber, cement, pipe, equipment etc. for the products that were delivered according to orders before. The enterprises of Ukragroprom [Ukrainian Agro-Industrial Complex], for example, used to supply our Varyeganeftgaz [Var-Yegan Oil and Gas] Association with 23,000 cubic meters of paving slab a year, but in 1990 they have categorically demanded, aside from cement and metals, excavation and crane equipment, buses and, furthermore, the transfer of a million and a half rubles to the FRP [production development fund], in exchange for the slab. Quite an appetite!

The Kamyshin Crane Plant is demanding payment for its products at commercial prices and the allocation of a Volga automobile into the bargain for every crane. The plants of USSR Minneftekhimprom [Ministry of the Petroleum Refining and Petrochemical Industry] are demanding the sale of equipment, steel pipe, cement and forest products to them for the delivery of calcium chloride.

It should be said that a quite incorrect depiction of the wealth of the petroleum workers has taken shape in the country, not without help from the mass media. You read articles here, there and everywhere about "petrodollars" and the sale of oil and gas abroad. They don't mention that the oil workers still have no currency deductions whatsoever for the sale of oil. We have no connection with that whatsoever, since we are not engaged in trade.

[Topuridze] What is the position of USSR Gosnab on this issue?

[Smirnov] I can best answer that question using this example. An executive of the department of chemical products of USSR Gosnab sent an official letter to Glavtyumenneftgaz [Tyumen Oil and Gas Main Administration], in which he reported that the question

of the complete provision of glycols and other products to the administration could be resolved if the oil workers found first-category hard currency or offered scarce goods for sale to foreign firms in exchange. And this procedure is unfortunately widely propagated at Tyumenglavsnab [Tyumen Main Supply Administration] today.

I will say for your information that the Varyeganneftegaz Association alone last year lost no less than 500,000 tons of petroleum in gas-lift well production due to a lack of 120 tons of diethylene glycols. Is that an even trade?!

[Topuridze] It is clear today that wholesale trade and direct ties with supplier enterprises are still far from ideal. What is the ministry doing under those conditions to help the oil workers?

[Smirnov] USSR Minneftegazprom, understanding the existing situation in material and technical supply, is undertaking energetic steps to balance the 1990 plan with material resources. Repeated meetings and conferences at the highest levels have made it possible to bring in additional oilfield equipment, steel fittings, sucker-rod pumping drives, Christmas trees and other products of the plants of USSR Minoboronprom [Ministry of the Defense Industry] and Mintyazhmash [Ministry of Heavy, Power and Transport Machine Building] into production. The government is also seeking the funds to procure steel pipe, valves and oilfield equipment through imports.

USSR Gossnab is actively involved in work on supplying the oil workers of West Siberia with the full range of materials and equipment that is distributed by Tyumenglavsnab. A protocol on this issue was signed in the last days of 1989 by USSR Gossnab Chairman P.I. Mostov.

A decision had been made even earlier on the priority supply of all types of material and technical resources to the enterprises of USSR Minneftegazprom. The majority of the sectors in the national economy have reported to the ministry that their orders on the priority of the oil workers in deliveries of industrial and production products have been passed along to their subordinate enterprises.

USSR Gossnab has moreover ordered its own territorial administrations to be a unified supplier for the oil and gas workers for all types of material resources, distributed both by the territorial administrations and through wholesale trade.

We hope that all of these measures will make it possible, with the active stance of the enterprises, to achieve the maximum possible balance of state orders and additional targets for 1990 with material resources. The ministry is moreover preparing another whole series of measures that will permit the comprehensive and timely provision of enterprises with material and technical resources and raise the reliability of supply.

I would like to appeal, in conclusion, to all labor collectives of oil and gas workers with the request that they look after their own house more attentively. There have been no few instances where equipment and materials are used irresponsibly or inefficiently, while some have stockpiles of uninstalled equipment. All of these instances, under the conditions of economic accountability and self-financing, worsen the economic results of the work of the collectives and complicate the already difficult situation with material and technical supply.

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**Reasons for Coal Industry Decline, Strikes Viewed**  
904E0080A Moscow *RABOCHAYA TRIBUNA* in  
*Russian* 24 Mar 90 p 2

[Article by V. Fedorov and N. Zhdankin, senior scientific associates of the Coal Institute, USSR Academy of Sciences, followed by comment from the New Management Methods Department: "A Bureaucratic Legend"]

[Text] Kemerovo—We became accustomed to optimistic reports on new records set by miners a long time ago. Not everyone is aware that against the background of real successes by the leading mining collectives in the sector there is a steady decline in labor productivity.

It is paradoxical, but true, that the decline began in 1976 at the peak of the sector's technical reequipment. Highly productive mechanized complexes and advanced technologies are being introduced. But the labor productivity of a worker underground over the 10 years from 1975 to 1985 dropped by nearly one-half! The coal industry has never seen such regression. Even the indicators for the Kuzbass—the "pearl" of Siberia—were considerably worse. Miners' labor productivity here dropped by nearly 10 percent and the production cost of coal rose by 40 percent.

Meanwhile, the average wage in the coal industry has not declined, but increased. No matter how it is interpreted, roughly half of the miner's wage is not backed up by real output. Here they are, the expenditure and inflationary mechanisms—one drives on the other...

What is the solution to this paradox? It is rooted in the method of management itself. Reckless reliance on the slogan "technology solves everything" has led to a situation where fundamental changes in the equipment and technology of coal mining underground have not been accompanied by the corresponding development of economic relationships. The sector's management rests on antiquated methods and the primitive foundation of volitional command. Questions of engineering preparation and planning and the principles of organization and wages have essentially remained at the level of the 1960's. On the other hand, the role of volitional decisions has grown even more.

Alas, under these conditions, the dependent sectorial science has been turned into an involuntary advocate of

mismanagement. So it turns out that there are thousands of coal mining scientists on the "surface," but antiquated tools are being used more and more at the coal faces.

Instead of an honest analysis of the sector's actual problems, some of our scientific colleagues have begun propagandizing the fatal inevitability of the sector's decline in every way possible. Nothing else is left, they say, if we are to keep the unprofitable sector in harness. How? Through direct subsidies, or by sharply increasing the price of coal when the shift is made to cost accounting. To concede to this is to give one's blessing to further stagnation in the coal industry. Increasing the wholesale price for coal without fundamental normalization of the sector adds up to the same state subsidies, in fact, but in veiled form.

The advocates of an inevitable decline in coal mining efficiency cite specifics and subtleties little known by nonprofessionals, but avoid comparisons with what is taking place in the coal industry of other developed countries. But comparisons are hard to swallow, as they say. In the United States, Great Britain, France, and the FRG, coal mining is not unprofitable, by any means. And it is achieved not so much with the help of powerful and highly profitable equipment or high market prices for coal as by the highest possible work organization and steady focus on reducing material and labor inputs. Our Western colleagues also have passed us by in the effectiveness of the methods of forecasting and analyzing the prospects for coal mining development. The labor productivity of workers engaged in mining in the FRG over the 10-year period from 1975 to 1985 increased by 20 percent, but the average load on a long face increased by 44 percent. Similar indicators for the USSR Ministry of the Coal Industry, in absolute values, are several times lower.

So is it really beyond our power as Soviet miners to compete with the Americans and the French? And we have many examples of highly efficient and stable work by leading collectives in our country. They are working with domestic series equipment. And the output they achieve is sometimes higher than the average indicators for the sector.

We have reserves, and significant ones, as we see. The entire question is how we raise the average indicators for the sector on their basis. In our view, the situation can be corrected only by decisive perestroika of the sector's management without delay. Instead of the present administrative-bureaucratic apparatus, we have to establish a system with separate economic responsibility for the employees—from the coal face to the ministry.

They may say to us that we are forcing an open door, the sector's shift to cost accounting and self-financing, they say, also assumes this. In fact, just the opposite is taking place. The economic independence of the mines has been curtailed even more. The formal shift to cost accounting will provide little unless at least the following three problems are resolved.

**First of all**, we must do away with volitional methods in planning. Planning "from what has been achieved" should be supplanted everywhere by scientific planning "from below"—from the real capabilities of an enterprise. Such plans should be based on long-range, adjusted forecasts of production development, beginning with the primary units, the cleaning rooms of the mine faces and up to the ministry inclusively. The plans that are adopted should have reserve versions that have been thoroughly thought out.

**Secondly**, all production subunits ought to be linked by cost accounting relationships. The work of mine brigades should be under contract or leased, with wages in accordance with the end result. Wages should be complete, without any restrictions, and based on firm rates determined with the aid of forecasting calculations. The rates are called upon to be flexible in reflecting the dynamics of labor inputs when mine engineering conditions are changed.

**Thirdly**, assessment of the management organization's work should depend on the quality of the decisions it makes.

But how do we do this? With the help of which mechanisms? Obviously, by the same way of reserving part of the wages of management employees. Then every month they will receive only a partial payment. The other half will remain in a reserve, which in a year will either be increased with efficient and profitable work or reduced. This will be an obstacle for "favorites" and provide for a natural, vital relationship between management and the enterprises. The selection of supervisory personnel willy-nilly should not gravitate toward favoritism, as it does now, but toward competence. By being organically blended with cost accounting relationships, mining science will really become a productive force.

Perestroika such as this in the sector is not a simple matter at all. With conditions of preferential financing "from the top," the ministry is unlikely to condescend to acknowledge the need for economic ways to resolve the problems cited above and will limit itself in the old way to cosmetic measures which give only the appearance of reforms. After all, the fact that the sector is now being shifted to cost accounting and self-financing when subsidies of 6.3 billion rubles (nearly a billion more than in 1988) had been planned for last year is nothing but a profanation of this important and useful work.

But it seems as if the budgetary funds being allocated are insufficient to cover the expenses of command management. Attempts are being made to shift part of them to the miners' shoulders. And this naturally gives rise to increasing dissatisfaction, which has been expressed in the wave of strikes. Read the strike committees' declaration and you will see the deep-seated underlying reason for the conflict between the miners and the sector's managers. The miners are indignant mainly because of the poor production organization and the unfair wage system.

The sector's management is following the simplest path to meet the strikers' economic demands by lowering the norms and increasing the wage rate. This is nothing more than an attempt to "buy out" of the problem without resolving anything.

We need a direct dialogue between the miners and the government, with the fate of cost accounting in the coal industry on the agenda.

#### Commentary by the New Management Methods Department

In our opinion, the authors are correct when they state that the wave of strikes did not stem from just one aspect of local order, such as the burden of housing and food in the mining cities. The roots lie deep in the sector's economy. Siberian scientists V. Fedorov and N. Zhdankin have correctly analyzed the basis of the conflict.

Under the onslaught of the strike, as in Vorkuta, there is the temptation to make momentary decisions to patch up the conflict. Meanwhile, steps that are aimed farther are needed. It is not the wrangling between the ones "at the top" and the ones "at the bottom" in the coal industry which will untie the tight knot of contradictions, but a fundamental change in the economic conditions, which is long overdue. "Volitional" management, which does not want to relinquish its position in the upper echelons of the Ministry of the Coal Industry, is demonstrating its complete bankruptcy in light of the miners' strikes.

Let us ask a simple question: would the strike committees have insisted on continuing the strike so recklessly if the mines had been leased? After all, each hour of work stoppage and forfeit would hit the collective—the master of production—directly in the pocket. But instead of this, demands were made to pay average earnings on strike days. The depersonalized nature of property relationships is being turned around willy-nilly by the fact that spontaneous strikes appear to be financed by the state budget, which is emaciated as it is. In a word, the treasury is assuming the financial losses. The "centralism" is turning out badly for us in favor of the Ministry of the Coal Industry.

The dramatic events in the coalfields have made it obvious that the remnants of the administrative-command system, which are as tenacious as a burdock, are really a factor of social destabilization today. But the tremendous losses in the national economy from the miners' strike are a high price to pay for inconsistency and vacillation in putting the economic reform into effect.

The stars are shining on the mines' headframes and the miners are "gobbling up" the coal, but the heat of the disputes is not cooling down in the strike committees. It is apparent from everything that they will not come to a settlement with the administrative-command system in their sector. So the government, it seems, must seek an

agreement with the miners which is verified by a consensus, not a temporary compromise.

#### Rectifying Legacy of Unbridled Tyumen Oilfield Development

904E0090A Moscow IZVESTIYA in Russian 21 Mar 90 Morning Edition p 3

[Interview with Valeriy Andreyevich Churilov, first secretary of the Khanty-Mansiysk Okrug Party Committee, by L. Skoptsov under the rubric "Point of View": "An End to the 'Northern Silence'—A Discussion on How to Substitute a Concern for People for the Concern for Tons and Cubic Meters"]

[Text] The illusory prosperity of the years of stagnation was supported, as is well known, by the stupendously profitable sell-off of Siberian oil and gas. And although prices on the world market have fallen since then and the petroleum gushers of Samotlor have been depleted, the export of "black gold" remains the chief source of the intoxicating liquor of hard currency. The enormous country, figuratively speaking, continues to sit at the oil pipe awaiting the distribution of the hard-currency cornucopia—grain, meat, consumer goods...

There is enough petroleum under Siberia for a few more decades. And what will happen to this cornucopia is not clear. The years of the oil boom have placed such a charge of social dynamite under it that not only the oil pipe, but the whole rest of the economy into the bargain, could be ripped to shreds.

The first bell was sounded in the summer of last year, when the shadow of a general strike hung over the oil and gas fields of West Siberia for the first time. Thank God the envoys from the "strike committee" that was quickly formed in Tyumen were met with understanding in the offices of the Council of Ministers, and they were able to ease the acuity of the social tensions. True, the country, occupied with the miners' squabbles, missed the first act of the Tyumen drama.

The second act—when under pressure from below the "strongman from Tyumen," CPSU Obkom First Secretary and CPSU Central Committee member G. Bogomyakov, was retired, preceded by the collective dismissal of the whole obkom buro—was a sensation. An expanded plenum then appealed to the CPSU Central Committee Politburo and the Presidium of the USSR Supreme Soviet with a letter of which at least two paragraphs, in my opinion, are worth quoting:

"The population of Tyumen Oblast, being the main fuel-and-power base of the country, has come to face the ever-growing lack of correspondence between the contribution of the oblast to the country's economy and the supply of food, prime-necessity goods and the solution of social problems...

"The labor collectives are justly demanding the right to dispose of a portion of the oil, gas and timber produced



in the oblast themselves. It must begin with at least a few percent of the oil being produced, and then this figure must be brought to 10-15 percent for the solution of all socio-economic problems."

And so a supporting pillar of the extant economic order shook some. The changing of the guard at the obkom is concluding an era of essentially colonial plundering of the wealth of West Siberia with impunity. The leaders of the new wave—both CPSU members and non-party members, far from inclined to equate the interests of the state coffers with the vital interests of the local population—have moved to the forefront of the political life of the region.

One of the key political figures of the region is Valeriy Churilov, the first secretary of the Khanty-Mansiysk Okrug party committee. He was elected a deputy to the okrug soviet on March 4, and will take most immediate part in the formation of the local government and the determination of the priorities of its social and economic policies thereby. The effects of these policies will not be confined to the administrative boundaries of the autonomous okrug—after all, three out of every five tons of Soviet petroleum (350 million tons a year) are produced on the land of the Khanty and the Mansy.

[Skoptsov] Valeriy Andreyevich, social tensions are increasing everywhere, and that is unfortunately no surprise to anyone. But Tyumen gas and Tyumen oil are a strategic raw material, and the significance of West Siberia to the economy is special. What can and must be done today, in your opinion, so that the boiling energy of the masses spills over into creative activity and is not doomed to the next social conflict?

[Churilov] First, a diagnosis of the illness afflicting the region. Petroleum production in West Siberia has been developing at a rate unprecedented in the history of mankind. An increase of several tens of millions of tons in each five-year plan. The leaders of the oblast, by the way, thus loved to repeat that there was never any stagnation here in Tyumen, we have always worked much and well...

But that is the essence of the tragedy of Tyumen, that we sacrificed the person himself while astonishing the world with rates, tons and cubic meters. Some drank too much, others were corrupted by the easy money and rapaciousness toward nature. They were corrupted by the inhumane approach to people. A quarter century of oil boom is behind us, and what has been created for people? They kept saying "the oil-and-gas complex," but they didn't build a complex. The "comprehensive assimilation" of the natural wealth of West Siberia has transformed it into a raw-materials appendage of domestic and foreign monopolies. It is funny to say, but fire fighters cannot answer a second call at the very center of the petroleum El Dorado—there is no gasoline. The crime rate in the region is rising faster than anywhere else (160-180 percent a year), while the police cars have enough fuel for 3-4 hours of patrolling a day...

I won't even mention the hundreds of thousands of "subjugators of the North" huddling in the ravines, the oily northern rivers and the destroyed features of the taiga terrain. I feel that the first task of the local authorities today is to make our kray suitable for the normal habitation of man. All the natural conditions for that exist. The climate is too harsh? Yes, it is harsh, but we grow strawberries and raspberries along with the potatoes, carrots and cabbage in this same Khanty-Mansiysk (by the way, I also provide for my family from the garden). We have the prettiest places—taiga, rivers, lakes. Much timber, fish and furs aside from oil and gas. There is only one thing lacking—that those who are producing all these riches dispose of them themselves. That means that the local government will have to stand up for that right.

A second and no less important task is to save the Khanty and Mansy peoples, whose names the autonomous okrug bears. This is, if you will, our moral duty to the peoples to whose lands we have come. There are a little over 20,000 representatives of the Khanty and Mansy out of 1,200,000 residents in the okrug today. "Great oil" has destroyed the traditional living environment of the peoples of the North, and the sectors of the genuinely national economy, daily life, culture and the whole institution of life have fallen into decline. This has had an especially ruinous effect on the linguistic habitat. It is already unsuitable to speak of an intrinsic habitat as such—one can count the bearers of various dialects of the Khanty and Mansy languages. Only 2.7 percent of the Khanty and 2.1 percent of the Mansy, according to the latest census, have complete mastery of their mother tongue. Add to that the unemployment, the 4.5 m<sup>2</sup> of living space per indigenous inhabitant, income of 30 rubles per capita, tuberculosis and dysentery...

That is why we in the okrug felt it correct and necessary to ask the question of the survival of the indigenous nationalities, and then the harmonization of their relations with the rest of the population, basically newcomers. The primary-use territories, as well as reserves and preserves—where with the financial support of the authorities hunting, fishing and game will be developed exclusively or primarily—will evidently comprise the material foundation for the process of rehabilitation.

All these plans were not pulled out of thin air. Various versions of solutions to the development problems of the North and the northern peoples were researched in the course of the co-called "Samotlor studies." Their culmination was the first congress of the indigenous peoples of the North in August of 1989. The "Save the Yugra" association was created with the aim of consolidating the healthy forces of society around the problems of the survival, rehabilitation and development of the peoples of the North who are few in number.

We have no other possibilities for reducing the acuity of social problems than to turn the economy of the region toward the person and to harmonize relations among nationalities.

[Skoptsov] How does the treatment of specific "sore spots" of the okrug and oblast look within the framework of this general approach?

[Churilov] It is important herein to have the correct correlation of the short and long term. The threat of unemployment, for instance, has unexpectedly hung over a large detachment of oil- and gas-pipeline construction workers (and that is more than a third of the workers of the oblast) since the summer of last year. The idea was immediately born in the bowels of the USSR Council of Ministers Bureau for the Fuel-and-Power Complex to shake loose capital investment for the construction of another two new pipelines sections and to buy the pipe "somewhere" in Italy under this pretext—in short, the same scheme as the sadly famous contract of the "gas-pipe" age.

They try not to think about the fact that they have been unable to utilize fully the ten sections of transcontinental pipelines that have already been laid. Meanwhile, there's too much work at home! It is time, after all, that the homes of our rural residents, and not only those in Western Europe, were heated with ecologically clean and cheap fuel (it would be fair, in my opinion, to begin with our northern towns, the more so as the capacity has basically been developed here and the people want to work). I assume that the gasification of the towns should be part of the governmental program for Russia on a par with the elimination of areas without roads. We are already developing such a program in our okrug, in any case.

Once again, there are already hundreds of thousands of kilometers of pipe that are in the ground here. There are not enough construction workers to repair them or do preventive maintenance. We are thus all living here as if on top of a keg of gunpowder. The latest incident—the Ust-Balyk—Omsk pipeline burst on March 7. The construction workers will have to work for several decades in order to maintain the safe operation of the pipelines.

We favor economic independence for the region. We need independence today so as to look at tomorrow with confidence. It is time to pay back the debt to nature and our descendants. We are thus planning to bring the level of oil and gas production and the procurement of timber, furs and all the gifts of the forest into strict conformity with scientifically substantiated norms and the conditions of self-renewal of natural resources in the near future.

[Skoptsov] The gasification of the northern towns, support for the resurrection of the northern peoples, the protection of nature... Even what you have been able to list costs a lot of money. Where will the local authorities get it?

[Churilov] There is one source—an increase in the efficiency of social production. We thus also favor the equal development of all forms of ownership—social, state, cooperative, corporate, individual, private—as long as they promote a rise in the income of our citizens

and the economy of natural resources. Our main wealth is oil and gas. We are creating alternative enterprises to Minneftegazprom and the gas concern for oil and gas production in order to counter agency dictate successfully and so as to pursue anti-monopoly policies in deed, not just in word.

And more. The processing of raw materials is more profitable than their extraction around the world. Our oil and gas, and the income from them, flow out of the region today. We intend to stimulate the creation of small, ecologically clean types of production to refine not only oil and gas, but to process timber, fish and furs as well. This will mean hundreds of thousands of new jobs in the future, and that means that our youth will not have to leave their native cities and settlements.

It would not be superfluous to recall that the center of the aerospace industry in the United States today—Houston—grew out of oil capital. The status of raw-material appendage for us was brought about by the fact that there are no institutions of higher learning (just three technical institutes) in an okrug with a million two hundred thousand inhabitants. As soon as free capital appears, we will invest it in science and education—that is, in the person and his development once more.

We have many young and energetic people. Their earnings are not bad. No one would leave here if they had a roof over their heads and something to spend their money on. Many enterprises, so as to hold good workers in jobs, are helping families to build their own two-story residences with garages for fifty, seventy thousand rubles. There are many desiring this, of course. We wholeheartedly support this practice and intend to offer the opportunity to obtain a plot of land for construction to all those who desire one in the near future along with the free sale of building materials, but the construction loan is given from the funds of the land bank rather than from the coffers of the enterprise. The capacity of the building-materials industry is shifting from the productive to the social sphere accordingly.

[Skoptsov] You are assuming that the income from the 10-15 percent of the oil produced that the labor collectives of the region are claiming will be enough for the reconstruction of the whole economy and social sphere of West Siberia?

[Churilov] Oil and gas are not vodka, it is time to put a halt to the state monopoly on oil and gas resources. This monopoly has brought no gain to the fatherland, but has inflicted enormous harm.

The oil and gas—and, that means, all the income from their sale—should, after the payment of taxes to the local and central budgets, be at the disposal of those who produce them. This is not simply just: how does oil as a commodity differ from any other product? This is advantageous for all of society. No one in the world eats oil or gasoline for breakfast or lunch. They trade it. But if the petroleum capital is accumulated in the region and is not drowned in the bottomless barrel of the deficit

state budget, this would only increase the opportunity for all those who wish to do so to earn part of that capital. The desire to earn, you will agree, is a far more solid foundation for social and technical progress than the knowledge of how to move Moscow to pity and elicit the next handout from the state budget.

And then it is time to put an end to the debauchery of power engineering that rules here. The Western world was also very wasteful when they had the opportunity of buying cheap power resources. And only the OPEC countries, which ratcheted up oil prices in 1973, forced them to develop energy-conserving technologies and cut back energy-intensive types of production. The "shock" caused by the price rise became a new spiral of scientific and technical progress for the Western countries.

I think a little "shock therapy" would be good for our economy as well. We could spend the windfall profits from bringing domestic oil prices into conformity with worldwide ones to finance scientific and technical developments for all those same resource-conserving and scientifically sophisticated technologies. But on a basis competitive with foreign firms. It is namely on such a basis, by the way, that an economically and ecologically substantiated model of regional economic accountability is now being developed for us. Competitive drafts have been published for broad debate. And the best will evidently be decided by referendum.

We are working on the legal basis for future changes according to the same scheme—the "RSFSR Law on the Khanty-Mansiysk Autonomous Okrug." One draft of the law was being developed by legal scholars from Moscow, and another from Sverdlovsk. We will present the legislation chosen by the population to the RSFSR Congress of People's Deputies as a legislative initiative. I do not want to make predictions, but I will only note that both drafts impress me with the idea of a bicameral structure for the local soviets. One chamber is deputies from the population. The other is representatives of all peoples inhabiting the given locale without exception.

[Skoptsov] Valeriy Andreyevich, you are a party member and the leader of a major party organization. You have refrained from your scientific career for the sake of political activity, that is, you have made a conscious choice. Political passions are raging in your region today, and no little criticism is being directed toward the CPSU as well. What can you say on that score?

[Churilov] The criticisms are fair for the most part. It is not so much criticism that bothers me as it is the hints of intolerance that are coming from both sides. Some strive to ascribe all of the critics to the "extremist" camp, others want to put all party members among the ranks of enemies of restructuring, while still others are waiting to see who wins.

Why does that bother me so much? Because I am preaching consensus as an ethical platform—we are all, party members and non-members, radicals and conservatives, revolutionaries and reactionaries, in the same

boat, and there cannot be either victors or vanquished among us. Or else who are you defeating today? Your own brother-in-arms? Your own compatriot? Your own party comrade? All civil wars have begun with just such "ideological" victories.

People do not want civil war, they are not bloodthirsty. But all people are different, and efforts must be made to achieve consent among them.

In the future the CPSU, in my opinion, will become a constituent element of a multi-party system. That is, it will be transformed into one of the mediating links standing between society and the state, and not over society and the state, as it did for so many years.

## ELECTRIC POWER GENERATION

### Economic Plight of Atommash Examined

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in Russian 27 May 90 pp 1-2

[Article by Moscow RABOCHAYA TRIBUNA correspondent G. Belotserkovskiy, Volgogradsk—Rostov—Moscow: "Give It to Atommash—Gigantomania Has Brought the Labor Collective to the Brink of Collapse"]

[Text] "Atommash." We were recently proud of it as a symbol of our might, our capabilities, as a step toward tomorrow's economic flourishing. But today they have forgotten the sweet-sounding epithets that followed in train after the word-symbol. It has been replaced with a new and dramatic content. A collective more than 20,000 strong, armed with untold technical might, is at the brink of collapse. Chernobyl has effectively deprived the Volgogradsk workers of orders—operating AESs [nuclear power plants] are being closed, and those under construction are being mothballed.

I am leafing through the magnificently published eight-ruble folio "I Am Atommash" that was published three years ago by the Plakat Publishing House—exactly a year after the Chernobyl catastrophe. There is not a hint of it here. On the other hand, the dictum of Academician A. Aleksandrov, the creator of the RBMK reactor that went up at Pripyat, is set in humongous type at the very beginning: "The construction of this enterprise is essential, because the development of nuclear power on a large scale is inevitable." If this is a joke by the publishers, it was clearly out of place.

It is more likely just an inertia of thinking inured to rubber stamps. Another episode in the book—how at Atommash, bearing the name of that true Leninist L.I. Brezhnev, the team leader of refractory workers, disgraced the Italian chief installer—is noteworthy on that plane. The foreigner "elucidated" (most likely demanded) that "according to Italian standards, two months are needed for a refractory lining."

"We have our own standards, we'll do it over a month," our team leader answered him. And they set up three-shift operations, the boys "even slept in the furnace so as not to waste time traveling home." Such labor heroism. Then it was triumphantly reported that "Signore Marchi lost the bet." Sounds like a song...

I am more than certain that the poor signore counted us as the losers. No, everything is still "OK" with the furnace. But they rushed on something else. They clearly chose the wrong place for Atomash. The gigantic wing has begun to settle due to the weakness of the ground. All of this would have ended sadly had not the government allocated more than a hundred million rubles to reinforce the bulk. And now an enormous service tracks the state of the foundation. No end is in sight for this work, tens of millions more rubles are still needed to make the whole wing safe against settlement...

But my task is not to find those who are to blame—quite enough has already been written about that story. It would probably be more useful to think some about what to do with Atomash today. How to make this product of our industrial gigantomania bring some benefit. Analogous equipment, after all, is being produced abroad at far smaller enterprises.

They say in Volgodonsk that foreigners are literally stunned with surprise—"How rich are the Soviets in their poverty!"—when entering under the vault of the covered 600 hectares. There is unique equipment here from Italy, Japan and West Germany. How much does a single vertical boring-and-turning mill—on which parts up to ten meters in diameter and eight meters high can be turned—cost? And the Japanese press with a force of one and a half thousand tons, or the automated welding machines?

"We could be proud of all of this, if we only knew how to dispose of our wealth correctly," says the party committee secretary of Atomash, N. Sakirko.

The plant was created for the annual output of eight million-watt reactors along with other equipment that goes to outfit a nuclear installation. The capacity that has been started up makes it possible to make four sets a year. The plant is unfinished. Only 2.1 of 2.6 billion rubles of capital investment have been spent.

And the return? They filled orders for 180 million rubles for AESs in 1987. Today that figure is a third.

"The development program for nuclear power in this country has collapsed," the chief engineer of Atomash, V. Molchanov, assesses the situation. "Life has repudiated it. What next? So far only discussion, talk and vagueness. We are not expecting any good."

But the Atomash people are demanding 630 million rubles from the state anyway to finish off construction. They will not earn that sum themselves.

"We will collapse without help," feels V. Yegorov, the general director of Atomash. "The fifth wing has only

just been started, there are not enough engineering service lines or small-scale facilities. We have to get carbonic acid from the Urals, and nitrogen and oxygen are even further down the line. And we could produce it all on the spot."

Will there be any sense in these investments? There is, after all, a complete fog over nuclear topics. And it will scarcely dissipate before the autumn session of our parliament, where, as it was announced, the Law on Nuclear Power and Safety will be considered.

It would seem that the way out for Atomash is in the search for worthy alternatives, in an intelligent retrofitting. But it looks like they are continuing to hope for a miracle both at the enterprise and in Moscow—that the "Chernobyl syndrome" will suddenly melt away, that the anti-nuclear movement headed by the "incompetent informal groups" will fall away to nothing, and the problems will solve themselves.

Patently hasty and poorly thought-out decisions on Atomash are also being made at USSR Gosplan. One can only marvel when reading the minutes of one of the conferences.

The strange document has recorded a certain perplexity of mind. What was proposed in particular? More and more in the trifles—the replacement of the equipment of an AES that is out of order, additions to the reserve fund. You won't get far on that. Where's the point? Here it is! USSR Minatomenergoprom [Ministry of Nuclear Power and the Nuclear Industry] is obtaining credit in the amount of 50 million rubles for 1990 for the purpose of ordering AES equipment at Atomash for the start-up of AES capacity in 1991-95.

Which plants will be started up in the next five-year plan, and where? Gosplan is bashfully silent about that. The same self-deception again!

The inability of Gosplan to resolve anything is confirmed by the end of the document: "It is felt to be expedient... to prepare a detailed report for USSR Council of Ministers Chairman N.I. Ryzhkov on the problems of nuclear-power engineering and nuclear machine building for the purpose of preparing a scientifically substantiated solution for the development prospects for nuclear-power engineering in the country..."

Atomash is working on hasty, incidental and non-systematic orders. I saw elementary-particle accelerators for science, solitary parts for various cities and villages. Fantastic designs for "American cabinets" that are being made for the people of Tashkent under Japanese license. Many consumer goods—fisherman's stools, volleyball sets, spare parts for Zhigulis...

"A real medley of what is made badly somewhere or is not made at all," feels General Director Yegorov. "If we take on such 'trifles,' we waste the equipment and people forget how to work. We thus seek out orders ourselves."

They include the production of autoclaves and high-pressure equipment for oil workers. Orders for metallurgical furnaces and heat exchangers are foreseen. Another potential customer is Minugleprom [Ministry of the Coal Industry], which needs mining machinery.

"That's something, anyway," said designer and aide to the general director M. Tarelkin. "But it remains my opinion all the same that doing all this on our equipment is like driving nails with a microscope."

I was somewhat reassured by my meeting with the chief of the Scientific and Technical Administration for Nuclear Machine Building of Minatomenergoprom, V. Satsenko. Vladimir Grigoryevich had just returned from West Germany and was clearly enthusiastic.

"We are procuring a license for the output of dry cooling towers at Atom mash. An AES now need not be placed contiguous with a natural body of water or use up land for cooling ponds. The ecological safety of the plants is raised. One of the chief arguments of the opponents of building the Rostov AES, by the way, is the fact that it is on the banks of the Tsimlyanskiy Reservoir. There will not be such doubtful solutions in the future.

"Process lines are already being designed to produce the new product. The first towers are intended for shipment to the South Ukraine AES, and solid demand for them from abroad is being forecast. Atom mash will not come off the loser in any case. Productivity there will jump sharply in a couple of years or so—from 250 to 346 rubles a year—thanks to the new subjects."

"It is nuclear and not nuclear, as it were," says my interlocutor. This is the kind of compromise that takes the situation into account in realistic fashion.

The enterprise will not see that saving prospect either without additional help. The year started long ago, however, and the financing for construction has still not been discovered. The reason? Last year Atom mash was transferred from Mintyazhmash [Ministry of Heavy, Power and Transport Machine Building] to Minatomenergoprom. Mintyazhmash meanwhile held onto 80 million rubles that it was to have invested in Atom mash and the social development of Volgogradsk. There is still a lawsuit underway between the ministries, no one has paid the construction workers anything, and they have created their own strike.

"Minister Velichko has essentially left us naked," said the first secretary of the Volgogradsk CPSU City Committee, G. Fomenko. "When Atom mash, was charging along, Mintyazhmash promised us—push the production facilities, and we'll finish up the rear later. They deceived the city people and tens of thousands of workers, and left us without housing, stores, schools, baths and much more. The new minister isn't rushing to feel himself master of Atom mash either. Comrade Kononov is not hurrying here to help solve the problems.

"I got in touch with the chief of the financial department of USSR Mintyazhmash, N. Anufriyev. A sacred request—"Give us a million." If only...

"Too little depends on us," said Nikolay Ivanovich to me in dismay. "In this case I was supposed to pluck my own enterprises and give it all over to Atom mash." That is absolutely unrealistic—the enterprises are being rehabilitated. And there is a way out anyway. Atom mash could scrape together 59 of that 80 million from their own sources and the mobilization of colossal reserves, for instance, by selling off all of the unnecessary reserves of raw and other materials.

Yes, the reserves are exceedingly large. This is explained by the three-year process cycle for the basic production and the necessity of having enormous amounts of work in progress. And it is possible to "trade" in this wealth, of course, although it would not be easy to find customers, for example, for high-quality and expensive stock made of especially high-quality steel—it's expensive, it stings! But at Atom mash they cannot be dissuaded to the end that matters are finished with nuclear subjects.

"What if tomorrow they order us to start making reactors again?" the general director of the association asked me. "From what?"

Everyone I met on business at Atom mash—in Volgogradsk, Rostov, Moscow—noted one thing: the whole country built it, but now it is in the hands, or more likely between the hands, of two ministries. One of them clearly has no interest in the fate of its offspring, they have dumped it, and well done, they have gotten rid of the confusion. The new boss has not yet been able—and is not in any hurry—to investigate everything. And while the solution ripens somewhere, the giant declines economically, professionally and technologically.

But who knows, even if they will be able to put out nuclear-power units at full might once more, won't today's situation have an effect on their quality?

I was able to speak with B. Volodin, the deputy chairman of USSR Gosplan, who was until recently the first secretary of the Rostov CPSU Obkom.

"The plant must be utilized," he said. "I was talking with the Deputy Chairman Silayev of the Council of Ministers and Minister of Nuclear Power Kononov, and they have promised to investigate on the scene at Atom mash." Yes, the main thing is to determine the strategy of our power engineers. But many shun crucial decisions. The Academy of Sciences could have a major say in this, but they are slow there too. One example—Academy Vice President Velikhov headed up the expert commission that was called upon to investigate the Rostov AES now being built, which could provide Atom mash with orders for a considerable period of time. But we have not seen the conclusions of the commission. Now the burden of expert analysis of this plant has been placed on USSR

Goskompriroda [State Committee for Environmental Protection]. Can the plant be retrofitted to burn fuel? Still an open question.

Will Atom mash find itself or, having grown accustomed to the "trifles," be transformed into a set of enterprises (and the process of decentralization has already begun here) without an identity, the same as all the rest, a kind of "Every mash"?

### Foreign Experts Invited to Examine Chernobyl Aftermath

904E0107A Moscow PRAVITELSTVENNY VESTNIK in Russian No 19, May 90 p 2

[Interview with USSR Council of Ministers Bureau for the Fuel and Power Complex First Deputy Chairman V. Marin by PRAVITELSTVENNY VESTNIK correspondent G. Konstantinov under the rubric "View from the Side": "Chernobyl—The 'Charge' of the Experts"]

[Text] *The government has issued an order to invite major foreign experts to our country who will study in detail—and provide an objective assessment of—the radiological consequences of the Chernobyl accident and their effects on the health of people and the environment. Our correspondent, G. Konstantinov, asked the first deputy chairman of the USSR Council of Ministers Bureau on the Fuel and Power Complex, V. Marin, to comment on this.*

[Marin] I will remind you of the pre-history—back in June of last year, after a meeting with the people's deputies of the USSR, N. Ryzhkov authorized the invitation of experts from the IAEA [International Atomic Energy Agency] and WHO [World Health Organization] to our country. USSR Minzdrav [Ministry of Health] then organized the arrival of three experts from WHO, but their conclusions, made as the result of a brief visit, were met with a certain mistrust on the part of the scientists of the Ukraine and Belorussia. The governmental bodies then decided to organize a more detailed, profound and representative appraisal. The preparations for it are essentially almost complete. The first "wave" of the experts landed in March in the three republics that were stricken in the accident at the Chernobyl AES [nuclear power plant]—they defined the program and planned the locations of the upcoming research.

[Konstantinov] How many experts will be working in the contaminated zones, and on what problems will they focus their attention?

[Marin] It is being proposed that this project take 4-5 months, and several dozen foreign specialists of the most diverse specialties will take part in it. We are offering them data on the contamination of territory and agricultural output, rates of illness and individual exposure doses—all the information, in short, that our country has at its disposal. The mission of the project, after all, is not to duplicate the same large-scale activity that had been accomplished in the USSR. The independent appraisal,

however, should confirm or elaborate on the data obtained and the methodology that was utilized by the Soviet scientists.

The experts face five basic tasks—studying the events that led to today's situation and describing it in detail and confirming the assessments of environmental contamination and individual and collective doses of radiation exposure that are clinically significant to health and the overall medical situation. They will also provide a forecast of the medical and ecological situation in the contaminated regions for 30-50 years.

The holding of a conference and the preparation of a detailed report—which the experts will transmit to the government—are proposed after the completion of the research. It will be accessible to the broad public here in the country and abroad.

[Konstantinov] Does the project envisage reviewing the 35-rem concept that is surrounded by so many disputes, and sometimes simply emotion, today?

[Marin] Yes, the experts will assess various criteria essential to decision making, compare the proposals of Soviet scientists with the criteria used in other countries and give their conclusions.

[Konstantinov] Much work will have to be done. How will it be organized?

[Marin] I will emphasize right off that the project is being implemented under the aegis of the USSR Academy of Sciences, and I hope that this will remove the possible reproaches of the "parochial" organization of the international appraisal. The specialists are coming with their own equipment, and they will re-verify our data using their own techniques. It is proposed that the headquarters for the project be located in Gomel, with three branches in Kiev, Minsk and Novozybkov. They have already reported to us that they will be distributing four thousand individual dosimeters to children for the whole summer. Mobile laboratories with radiation counters will be outfitted on trucks, and each of them can check more than a hundred people daily. The experts are bringing their own computers for information processing. The work on the project, in short, is already beginning.

### Estonia, Latvia Dispute Energy Prices, Deliveries

904E0073A Moscow KOMSOMOLSKAYA PRAVDA in Russian 3 Mar 90 p 1

[Commentary by K. Markaryan (Riga) and G. Sapozhnikova (Tallinn) under the rubric "Topical!": "Current Shock"]

[Text] *Alarming news from the Baltic region: prices for electric power will have to be raised. Our correspondents comment on the situation.*

### Riga

If Estonia refuses to supply electric power to Latvia, we will be "half blind": Latvia provides only half of its own electric power.

"The republic gets the rest principally from Estonia," related A. Zarinsh, the general director of the Latvenergo [Latvian Power] Association. "The shortfall of electric power in Latvia will total 8 billion kilowatt-hours [kWh] in ten years, and that figure will increase by another 2 billion by the year 2005. And now Estonia intends to cut back the production of electric power by 3 million kWh by 1995."

But what about Latvia in the future? It has no fuel or hydropower resources of its own. The hopes for the sun and the wind are not great.

"There is a way out," the Latvenergo general director is confident. "We must first of all achieve a balance in the production and consumption of electric power as fast as possible. The TETs-2 [heat and electric power plant] must be expanded and a new one built. Second, we are studying the question of building a major plant. We must furthermore continue the construction of the new high-power line that was recently 'frozen' by decision of the public. You can prevaricate all you want, but we must obtain electric power. And our TETs won't be running on air. We receive natural gas and fuel oil from other republics. It would be catastrophic if the Baltic area became completely isolated for some reason. Normal economic relations are needed."

### Tallinn

It must be stated that I chose a clearly inopportune time to call Estonenergonadzor [Estonian State Inspectorate for Industrial Power Engineering and Power Engineering Supervision]. The night before, the newspapers had published TASS information from which readers found out that Estonia will be raising prices for the output of its own electric-power plants by several times, thereby putting its neighbors in a difficult economic position. Vyayno Milts, the director of Estonenergonadzor, was thus swamped with calls and only sighed, "No, the rate scales for accounts between the republics will remain the same for now—one kopeck per kilowatt-hour. Unfortunately..." Why "unfortunately"? "The cost of power generated at the two Estonian GRESs [state regional electric power plants] is 1.33 kopecks per kWh. The republic is expecting a price increase for shale and changes in the tax system in the future (the harm to the shale-rich northeastern part of Estonia, which is at the brink of economic catastrophe, must be recompensed). The cost will jump to 3.5-4 kopecks in that case. It will have to be sold at a little more than that if common sense is followed. But as a matter of fact, it will work this way: electric power costs industry one and a half kopecks, and the public (those who use hot plates), two. Estonia will sell it for a kopeck to neighboring republics."

"But why?" I couldn't help asking.

"I've been trying to clarify that for almost ten years myself," Director Milts answered sadly.

The concerns of Estonian economists are entirely understandable if you take into account that 54 percent of all the power produced in Estonia each year goes to other republics at reduced prices.

But what about Latvia, which is threatened with an unintentional economic boycott? What will that republic do if the masters of electric power in Estonia really do change the rates (bringing them at least up to the level of cost), and gradually begin reducing the production of electric power in the future? Latvia, in the middle of such an electrical encirclement, did not build its own plants. And naturally, an "extra" 150 million rubles was not envisaged in the budget—that is not Latvia's fault, it is a misfortune (and no advantage to Estonia, which at one time put all of two whole electric-power plants into operation). How can a mutually advantageous compromise be found? The director of Estonenergonadzor can reassure the readers only with this promise: no discriminatory measures will be undertaken against their neighbors at least for this year. This issue will be resolved by two governments—Estonia and Latvia. Estonian SSR Council of Ministers Chairman Indrek Toome, answering a KOMSOMOLSKAYA PRAVDA question, provided assurances that Estonia will take no unilateral steps on such a delicate issue as the regulation of prices.

### From the editors:

*The issue that Latvia and Estonia are talking and arguing about today is quite an alarming symptom, an indicator of how poorly developed the mechanism of independent economic operation still is. Our economy, judging from everything, really has taken a step forward—after all, the socialist system did not know the concept of "economic warfare" before...*

### Chernobyl Area Rail Workers Air Health Complaints

904E0077A Moscow GUDOK in Russian 15 Mar 90 p 1

[Open letter written on behalf of war veterans, participants in the events of Afghanistan and Chernobyl, labor veterans, industrial and office workers of the Korosten Division of the Southwestern Railroad, by A. Kalenik, division chief; V. Gusar, secretary of the network party committee; V. Vortik, rayprofsozh chairman; A. Savchenko, chairman of the STK road division; I. Galetskiy, secretary of the network Komsomol committee; A. Litvinov, chairman of the soviet of veterans of war and labor in the road division: "The Pain of Chernobyl Has Not Abated: An Open Letter to the Minister and Chairman of the Trade Union Central Committee"]

[Text]

Respected Nikolay Semenovich and Ivan Artemovich!



We, war veterans, participants in the events of Afghanistan and Chernobyl, labor veterans, industrial and office workers of the Korosten Division of the South-western Railroad, turn to you, the minister and chairman of the branch trade union central committee.

We have lived through these four years since the tragedy of the atomic accident, which has had a severe impact not only on the psychological climate but also on the health of people here. Today there is serious concern over the observable increase in the following symptoms among children and adults living in the contaminated zones: fatiguability, headaches, nosebleeds, weakness, and loss of vision. We are also concerned about the fact that to this day no arrangements have been made for the full examination and treatment of workers. We lack uncontaminated products. People are not being evacuated from dangerous areas, and no in-depth inspections are being carried out at railway stations and over the spans between stations. And as a result, decontamination work is not taking place.

During the days of those terrible ordeals, as the newspaper GUDOK reported on 13 May, 1986, "an MPS [Ministry of Railways] action committee (led by V. Butko) was created to coordinate work in the area. It took stock of the rolling stock on a literally car-by-car basis and dispatched them to tracks and junctions in the area of the accident." We, the veterans of Chernobyl, with no thought for time or our health, "helped tame the reactor," as the article observes.

But Chernobyl has left its terrible traces for a long time to come. More and more contaminated areas are coming to light. We have been left in these conditions alone with our pain. And even today Chernobyl continues to threaten us with gradual death. And we, the long-suffering residents of Korosten, are deeply disturbed by the attitude of the trade union central committee as well as the ministry towards the victims of the Chernobyl tragedy. We are justified in demanding of you, Nikolay Semenovitch, as a member of the government, and you, Ivan Artemovich, as a USSR people's deputy, the following:

- A USSR law guaranteeing the rights of workers who were victims of the Chernobyl AES accident to legal protection. The law should extend to the entire nation.
- A decree on the participation of the entire rail network in eliminating the after-effects of the Chernobyl accident in the department of roads.
- The provision of all of the necessary conditions for living, including in the first place uncontaminated foodstuffs, housing, and health services, for transportation and construction workers who are victims of the Chernobyl AES accident.
- The immediate review of our suggestions for eliminating the after-effects of the Chernobyl accident with

compensation for losses to the department of roads by Minatompromenergo [the Ministry of Atomic Energy].

MPS and the trade union central committee should take responsibility for the delays, the policy of providing written answers that are for form only, and the way the branch trade unions have passed over in silence the needs and requirements of workers from the stricken areas.

The following must be seen to immediately:

- Mandatory yearly medical examinations of workers with the aim of discovering any even minimal decline in their health.
- The assignment to our area of permanent health centers staffed with medical personnel who have training in questions of medical procedures for radiation victims, along with the introduction of a fundamental methodology of treatment, paid for by the health centers of the abolished IVth department of the USSR Minzdrav [Ministry of Health].
- Distribution to our health establishments of the necessary quantities of imported medical equipment and medicines.
- Distribution of the necessary quantity of sanitarium passes to workers of the division of railroads and transport structures, retired pensioners, and those injured on the job, as well as young mothers and school-age children (free) who live in the contaminated zone.
- The treatment period for children should be no less than 65 days, the amount of time needed to eliminate half of all traces of cesium-137 from the body.

These measures should be gained through the USSR Council of Ministers and VTsSPS [All-Union Central Council of Trade Unions]:

- Procedures should be extended for going on pension under the favorable terms available to workers in the strict control region (Resolution No. 886 of 20 October, 1989) to workers and members of their families who work and live in any of the regions affected. They should also be able to get housing in ecologically safe regions of the country without waiting on a list.
- Work done in localities that were exposed to radioactive contamination should be made equal to work under particularly dangerous labor conditions, and a higher pay rate should be established.
- The 35-rem conception should be revised and the dosage level of external and internal irradiation which affects an organism genetically should be set at no more than five rems over 30 years.



—The status of the victims of the Chernobyl AES accident should be established.

And finally, the majority of the workers in our road division at this time still believe in the abilities of MPS and the branch trade union central committee. Therefore we propose that you struggle together with us for the life and health of our children and grandchildren in the most decisive manner.

### Positive Aspects of Hydropower Empasized

904E0082A Baku BAKINSKIY RABOCHIY in Russian  
3 Mar 90 p 2

[Article by N. Karayev, chief engineer of the "Bakgidroproyekta" project, and E. Abdullayev, head of the "Bakgidroproyekta" group, under "Point of View" rubric: "A Word About Pure Energetics"]

[Text]

Electricity became a part of our lives so quickly that we did not notice how we came to depend on it. But nature is designed in such a way that you cannot take anything away from it unnoticed, without causing harm. Energetics occupies an important place in the production systems whose influence on the environment is sometimes destructive.

As you know, the main producers of electric power are thermal and hydroelectric power stations. The thermal stations (TEC) are also active polluters of the environment. The products of combustion reach the atmosphere: in the best case, carbon dioxide, and, in the worst, sulfur and nitrogen oxides and other no less harmful compounds. All of this, mixing with water vapor, then returns to earth in the form of acid rain.

In addition, the burning of fuel is accompanied by an absorption of oxygen. The daily production of electric power by all TEC's in our republic (55.8 million kilowatt-hours) is accompanied by the absorption of the amount of oxygen given off by 17 hectares of forest plantings. This is in the use of gas heating. In the burning of fuel oil, the consumption of oxygen is equal to that given off by 40 hectares of forest.

These magnitudes seem small in comparison with the total area of forest plantings in the republic of 1.14 million hectares. But considering the fact that the forests are being destroyed ruthlessly and the number of production systems with harmful emissions is growing, it is worthwhile to think about the fact that there is less and less oxygen in the air.

In comparison with the TES's, the influence of hydroelectric power stations (GES's) on the environment is expressed in a disturbance of the environment of life in the rivers. A compulsory condition for the work of a GES is a water reservoir created by the damming of a river channel. This disturbs the natural path of migration of

fish, which in the final analysis leads to the gradual disappearance of many kinds of fish.

True, provision is always made in the complex of hydraulic structures for spawning and breeding facilities to stock the reservoir with fish. But only in the construction of the Mingechaurskiy Hydrosystem were spawning and breeding facilities built to prevent the disappearance of sturgeons in the lower course of the Kura. At other hydrosystems, the funds allocated for these purposes were not used.

The concern of the public about the building of new hydrosystems is frequently explained by the fact that reservoirs inundate large areas of unsuitable lands as well as farmland. But the recognition of this fact without additional explanations can lead to incorrect conclusions and consequently to wrong actions. To give an objective picture, we will present data on the allocation of lands for particular facilities in the national economy: 98,200 hectares for reservoirs (1.13 percent of the entire territory of the republic), 41,500 hectares for highways and railroads and associated facilities (0.47 percent), and 120,000 hectares for cities (1.39 percent). It is apparent from the comparison that there is no justification for the assertions of the threatening amount of flooding of lands.

Hence one can draw the conclusion that the structural changes in the production of power between GES's and TES's have no significant ecological effect, not to mention losses of energy.

In talking about the energetics of the future, one must not fail to consider the important circumstance that consumed electric power is not constant and changes depending upon the time of day and the seasons. Because of their high mobility, hydroelectric power stations are capable of taking care of peak loads. It is more convenient and advantageous to utilize the power produced by TES's in conventional consumption. Hence it is clear that the GES's are more progressive. The distortion in the structure of electric power stations leads to additional expenditures. In developed countries, the share of electric power produced at GES's is 20 percent of total production. In the Soviet Union, this share is 14 percent and it is just 13 percent in Azerbaijan.

These figures show how low the share of hydroelectric power is in the republic. We are feeling the consequences of this more and more frequently and acutely. The possible deficit of electric power in 1995 will be 6 billion kilowatt-hours. To understand the significance of this figure, let us recall that the indicated deficit is approximately equal to the consumption in such large regions as the Nakhichevanskaya ASSR and Karabakh combined.

As a most important part of energy production, hydroelectric power requires a review of the basic positions established back in the 1950's and 1960's. As a rule, hydroeconomic facilities have a complex purpose. But the leading role in this complex still belongs to irrigation and not to the production of power.

The country's agricultural policy as applied to our republic was aimed at the growing of cotton. The result of this can be understood in the following example: the production of 1 ton of cotton requires 8,000 to 10,000 liters of water, whereas the same quantity of grain can be obtained by expending just 1,500 liters.

The Kura and its largest tributary the Araks run together beyond the boundaries of the republic and we receive what remains after the removal of water in Georgia and Armenia. Beyond that, 60 percent of the flow of these rivers is attributed to the high spring water, which does not coincide with the period of plant growth, when the need for irrigation arises. The construction of the Mingechaurskiy Hydrosystem led to the flooding of 63,350 hectares of land (0.7 percent of the territory of the republic). The Mingechaurskaya GES became, as they said at the time, the flagman of Transcaucasian energetics. At that time, they paid no attention to the fact that 50,000 hectares of farmland went under water. This figure was not so significant in comparison with what they got in exchange.

The lesson from the construction of the Mingechaurskiy Hydrosystem makes it possible to comprehend how necessary the new GES's on the Kura and Araks are. The situation is such that the new complex can be effective only through irrigation. And this is possible only with the building of large reservoirs. Thus, the circle closes: for a GES to be effective, it is necessary, after building a large reservoir, to bring irrigation into the complex. The result is the flooding of more farmland.

To get out of the situation that has evolved, it is necessary to change the existing agricultural policy oriented toward the production of a monoculture. This will make it possible to refrain from the building of large reservoirs and systems and to concentrate our attention on small-scale hydroelectric power as well as water-storage electric power stations (GAES), which would store power and issue it at the time of peak loads. A complex of storage stations and stations utilizing non-traditional sources of power, the unevenness of whose work is compensated by storage stations, may be quite effective.

Inaccessible mountain areas that are quite unsuitable for farmland can serve as the location for GAES's. Although the share of GAES's in the world is increasing steadily, there is not much interest in them in our country, where the conditions for their construction may be the very best.

We have recently been talking quite a lot about the necessity of developing nontraditional sources of electric power—wind, solar and wave-driven electric power stations, for which the conditions in Azerbaijan are also wonderful, but we are not doing much for this. Their application is limited by the fact that natural phenomena are not constant and it is not possible to utilize them as basic power producers. With the building of GAES's,

these stations could be assigned a backup function consisting in the fact that during the period of their work the GAES's are charged (power is stored).

It must be recognized unequivocally that with the development of cotton growing and viniculture in the republic hydroelectric power was in a position subordinate to irrigation. The reservoirs built on large streams are above all reserves of fresh water and it is there where GES's are built. If we want to continue to develop hydroelectric power, and this must be done to provide the national economy with electric power, then it is necessary right now to review the strategy for the development of the branch and to establish a new and promising program for the development of the energetics of Azerbaijan, which would also reflect measures for the conservation of nature.

### Tajikistan's Baypaza Hydroelectric Plant Operations Described

904E0086A Dushanbe KOMMUNIST

TADZHIKISTANA in Russian 29 Mar 90 p 2

[Interview with Candidate of Economic Sciences S. Rasulov, chief of the Tajik Scientific-Research Department of Power Engineering, by L. Zakharov under the rubric "Our Interview": "After Baypaza—We Need New Power Capacity"]

[Text] Recall that this year began in difficult fashion in the national economy of the republic. One of the principal reasons is the shortage of electric power. It has evolved from chronic to acute, and it could even be said, most acute. In Dushanbe, for example, the lights of signs and many streetlights have been turned off. They have been forced to close down two main wings at the Tajik Aluminum Plant.

The situation has changed, however, on the threshold of the adoption of new and tighter restrictions on the consumption of electric power. The lights have come back on at night in the cities and towns of the republic. The light has been provided by the Baypaza GES [hydroelectric power plant], the first in domestic hydropower construction to use the "turnkey" method.

Our discussion with Candidate of Economic Sciences S. Rasulov, the chief of the Tajik Scientific-Research Department of Power Engineering, began with that example.

[Rasulov] It is difficult to overestimate the significance of Baypaza, of course. And not only because the new GES, the sixth "step" in the Vakhsh power cascade, was built using such a progressive method. Baypaza is quite a major plant. In January alone, at a critical moment for our power system, it generated about 120 million kilowatt-hours [kWh] of electric power—which, by the way, was a third more than was planned. When it reaches its rated capacity, the Baypaza GES will provide 2.4 million kWh a year. That is 12 percent of the total power generation of the Tajikistan system. A respectable addition, it cannot be denied.

It is nonetheless too early to relax. The expected growth in the national economy of the republic is threatened due to the fact that the Consolidated Regional Power System (OES) of Central Asia does not have the necessary slack. The more so as power consumption in Tajikistan is larger and larger every year. It is enough to say that the power system of south Tajikistan was forced to acquire more than five billion kWh—that is, almost half of the average annual production of the Nurek GES—from the aforementioned OES last year alone. This electricity was moreover generated by thermal electric-power plants [TES] in Uzbekistan and Turkmenia. Such purchases will prove to be exceedingly disadvantageous with the conversion to regional economic accountability. Meanwhile, if we mark time, the shortfall of electric power in the republic will at least triple.

What is the way out? The construction of our own thermal electric-power plants? Hardly. In that case, according to forecasts, we would have to process about five million tons of organic fuels a year. Coal, for example. And what about the ecology? There is evidence that a medium-capacity TES burning, by way of example, Kansk-Achinsk coal, discharges tens of thousands of tons of toxic and carcinogenic substances into the air with the ash every year.

And in short, there is still the question of whether our Uzbek and Turkmen neighbors will supply us with "clean" electric power in the future, leaving themselves with poisoned air, depleted land and harmful wastes. Even if we offer a respectable sum. It is not, of course, a matter of money. More precisely, not just a matter of money...

[Zakharov] If I understood correctly, there is just one way out—the development of the intrinsic power base. And more precisely, hydropower. Society, meanwhile, has at least two objections on this score. First, the time periods and quality of GES construction. Recall that this same Baypaza, despite the "turnkey" methods, took almost ten years to build. Second are the ecological issues, already strained in our republic.

[Rasulov] I want to emphasize that the opposition to hydropower that has appeared did not arise spontaneously. The power engineers themselves are partly to blame for it. It was decided as early as at the end of the 1950s to develop thermal power engineering and freeze hydropower due to the unbalanced nature of the rate of development of the fuel-and-power complex. Naturally, no few arguments were found to justify this willful decision. They were essentially gambling. But not for long. After some two decades it became clear that petroleum reserves, as well as those of gas and coal, were not unlimited. What goes around, comes around, as they say. But it is far more difficult to persuade the public a second time.

They must be convinced nonetheless. Recall that about 750,000 families in our republic live in towns. We must raise power sufficiency by at least double in order to

provide them with urban amenities. This cannot be done using alternative power sources such as solar batteries or windmills. At least in the foreseeable future. We will thus willy-nilly be constructing GESs. Simple calculations show that we will have to put into service a plant analogous to the Golovnaya, which is on the Vakhsh, every year in order to provide for at least minimally acceptable growth in electric-power consumption. Its capacity is 210 megawatts [MW]. Is that possible? In principle, yes. It is another matter than the new GESs must be built better and faster than the aforementioned Baypaza GES. There are promising locations for this on the upper reaches of the Varzob, on the Obikhingou, Surkhob, Zeravshan...

The question is more difficult with the ecology. Calls are even being sounded to reject the Rogun and Nurek GESs and halt the major types of production at the Dushanbe Cement, Tajik Aluminum and Yavan Electrochemical plants. There is no disputing that the harm these and other enterprises have inflicted (and are inflicting) on nature is great. But it must be recalled that it is easiest of all to make complaints against the past. It is far more difficult not to permit new distortions, so as not to be complaining about something else later. It is time to learn first and foremost how to make efficient use of what we already have. The infrastructure extant in the republic was essentially created over decades, and to break it up all at once is a too-expensive pleasure. It can lead to unjustified spending whose magnitude is difficult to discern ahead of time.

I refer to the Rogun GES. If we listen to the calls and construct small plants without reservoirs operating on the water flow instead of the Rogun, it will be necessary to halt three quarters of the power consumers during the fall and winter. And those are, as a rule, the major mills and plants. Or else the required electric power will have to be gotten from outside. Only who will give it to us? And they will have to give a lot. About 20 billion kWh will be needed over five years, according to rough estimates.

The reason is simple: the production of electric power at a GES without regulation of the water flow, by virtue of natural conditions, does not coincide with the electric-power consumption regimen for the sectors of the national economy. While there is more than enough water during the summer thaw of snow and glaciers to reach nominal capacity, in the fall and winter the hydropower units will be on hunger rations. And then some: the water flow will be 8-10 times less in the fall and winter than in the summer. The opponents of the construction of major GESs should furthermore recall that the replacement of a high dam with lower ones leads to the complete disappearance of the river biosphere. And that means that ecological issues are made even worse in that case.

I would add that the need for the Nurek and Rogun GESs was dictated not only by the needs of our republic alone, but also by those of the consolidated power system of

Central Asia, in which the role of flexible capacity in the general load curve is intended for them. The start-up of additional power installations operating on scarce organic fuels with the emission of harmful substances into the atmosphere would otherwise be required. The optimal structure of the power system for the republics of Central Asia is based on the joint profitable operation of the GESs of Tajikistan and Kirghizia with the thermal power plants of Uzbekistan and Turkmenia. Both Nurek and Rogun are thus necessary first and foremost for the normal operations of the OES, and only then to cover the requirements, say, of the Tajik Aluminum or Yavan Electrochemical plants.

Meanwhile, the residents of many cities, including Dushanbe, are demanding improvements in the ecological situation—including via increasing the share of electrified urban and interurban transport. All right, a sensible idea. But how can that be reconciled with the demands to halt the construction of the Rogun GES? They are even demanding the elimination of the Nurek GES, since, as they say, they do not trust the strength of the dam. Such doubts would be justified had a number of leading specialized institutes and expert commissions not been working on the design engineering and, in particular, the selection of the optimal shape and design of the dam. The decision to construct a most complex hydrotechnical structure like the Nurek GES is made with a regard for all seismic requirements. This required the performance of field, laboratory and theoretical research that was considerable in volume and diverse in substance...

The feelings of the opponents of hydropower can of course be partly understood. At least in relation to the inundation of territory. Fertile lands that are engaged in agriculture first and foremost are lost. But to assert that the republic will be left without fruits and vegetables just from the filling of the Nurek reservoir is a little too much. You do not have to be a prophet to know that the times of the disappearance of a number of products from our tables (meat, for example) do not coincide with the times of flooding. Today's trade shortages can coincide with the impending inundation of the Rogun reservoir

even less. The authors of these incomprehensible comparisons typically leave aside for some reason the development of arable lands, which is especially widespread in Dushanbe. And they have to put aside the better land for residential housing in the small populated areas as well as the capital—population growth is having an effect. This process is going on everywhere in Tajikistan, but is not noticeable to society.

[Zakharov] And what about the Aral? It is no secret that it is namely power engineering that is to blame for the demise of the Aral Sea. They say the Aral is growing shallow due to the fact that the water destined for it is being accumulated in the reservoirs, and first and foremost the Nurek, and then the Rogun will come next.

[Rasulov] I would advise them to address the multitude of features on the Aral issue in both the central and the republic press which prove, in particular, that the drop in the water level of the Aral that began in the 1970s is first and foremost the result of the mismanaged use of the water from the Syr-Darya and the Amu-Darya. Poor land-cultivation practices relying on an unlimited expansion of cultivable areas rather than an intensification of existing ones have played a negative role as well. And while the Nurek reservoir contains some 6 cubic kilometers of water, the Arnasay basin, for example, has 40 cubic kilometers and the Sarykamysh basin has 50 cubic kilometers. And the water content of the latter is moreover in no way technologically justified.

I can thus state boldly that unconcealed ignorance frequently co-exists with emotions on issues of hydropower engineering. And it seems that restructuring, after all, presupposes an intellectual revolution first and foremost. This signifies that there is no place for ignorant extremism in the debates in the press, first and foremost on technical topics. I appeal to the readers in my own name and in the name of my colleagues that if you still have questions on the problems of the development of power engineering after this interview, come to our department. We are ready to provide information backed up by competent conclusions, and moreover of the most diverse sort.

[Zakharov] Thank you for the interview.

**Shcherbakov Discusses Government Pay Raises**  
*90UN1583A Moscow NEDELYA in Russian No 15,  
9 Apr 90 p 3*

[Article by V. Shcherbakov, chairman of the State Committee of the USSR on Labor and Social Questions: "Point of View: Unpopular Measure—Wise Step? Why We Decided to Raise Salaries of Administrative Workers of State Government Agencies"]

[Text] As is widely known, workers of the party apparatus, the trade-union, the Komsomol organs, and the organs of state government have received pay raises.

The public reaction to this decision was varied. Many considered the decision untimely and, more importantly, an attempt by supporters of a command administrative system to strengthen their positions in the battle with a progressive system of government, which is based on a planned market economy.

Is that really the case? We decided to find out what the chairman of the USSR State Committee for Labor thinks. That is, from the department which has the most direct relationship to wage rate.

I'm specifying beforehand that I speak only about administrators of government organs. The goal of the USSR government in preparing this decision was to create preconditions for the formation of administrative organs of a new type which could work effectively within the social and economic conditions which are taking shape in the country in the course of perestroika.

Naturally, in order to have a quality government, you need quality administrative cadres. Who is this current administrative worker of the apparatus? Or more exactly, who should he be?

It seems to me, he is first of all a professional (economist, lawyer, engineer), having a sufficiently broad outlook and experience working with people. He has prestige with management and staff in his own organization and other organizations of equal and higher rank. Prestige—this, I think, is an acknowledgment of the dignity of a man in each sphere of activity, that is determined first of all by his business and personal qualifications. That is to say, if for example there is a speech about the deputy minister, then the prestige of the man occupying that post should be acknowledged at least by the directors of the enterprise. If the speech is about a staff member of the ministry or State Committee, then he should at least be shown deference by the directors of the activities with which the staff member is associated.

When speaking about specialists working in such socio-economic organs as the State Planning Committee, State Committee for Statistics, Ministry of Finance, Central Planning Committee and others, then, besides a broad general knowledge and high professionalism, they should certainly have a solid scientific education. Indeed, such criteria in the selection of cadres of the apparatus interest us all, because each person surely wants the

solution to his question—whether it be personal or production-related—to fall into the hands of a bright, benevolent, professionally solid, competent person. Red tape, arrogance, ignorance, which you very often find in the apparatus of various organizations, is first of all evidence of low culture and low professional qualifications of their administrative workers.

But where do all these professionals in the notorious "apparatus" come from? From that section of the national economy which we call fundamental—from the enterprises, from the Scientific Research Institutes, design bureaus, state farms, collective farms, schools, hospitals and so forth.

And now let's take a look at why a worker with high qualifications, prompted only by a goal to take part in greater scale and complex problem solving, would want to transfer to work in the apparatus if he knew that he would be materially worse off in comparison with those in production? I think, if he's a careerist, he would hardly take such a step. Try to convince the director of a factory to go to work in a ministry. Offer him a good position—he will refuse, even if that person is an excellent specialist—enterprising and energetic. It would be good to appoint him chief of the central board of the ministry, where he could improve the activities of a segment of industry. No, it would not happen.

You ask why? Because he has a salary of 430 rubles, in addition to the possibility of receiving at least that much in a bonus. In that job he has a little less responsibility, and a little more freedom of action. And he has an official car and a good factory vacation. But what will he get as a chief of the central board of the ministry? 450 rubles a month and almost a token bonus. Even a minister of the USSR, before the approval of the decision to raise salaries, was in a worse situation financially than the director of a factory.

I'm not even talking about people with academic degrees such as doctorates and candidates degrees, working in research and design organizations. For them a transfer into the apparatus—even to very high positions—practically means they would lose 40-50 percent of their earnings. And indeed, for a nation it is very important that those who make government decisions are the most capable and qualified. But the best workers would not come into the apparatus.

The situation is similar in the apparatus of the ispolkoms of the Soviets of the People's Deputies. Do you know how much a director of an administrative ispolkom in a major city such as Sverdlovsk or Novosibirsk would receive? 240 rubles a month. However, a senior specialist would receive 150-170 rubles, and an economist, architect, or legal advisor 120-150 rubles. And this is practically all. Who will take these positions if the salary of a department head of an average-sized commercial enterprise is now 280 rubles, adding to this increments up to half one's salary in addition to bonuses, which together may reach nine times a government salary?

Therefore, I think one can only be indignant with the wage increase for the "apparatus" if one does not know the real state of affairs. It is true that another argument was already put forward: these steps would lead to an increase of pensions. But why is it necessary to patch up the holes in our societal garment on account of government administrative workers? Where is the social justice here?

Getting to the point, of the overall number of administrative workers who received a wage increase in accordance with the government's decision, nearly 80 percent are workers in the apparatus of ispolkoms in local Soviets of People's Deputies, and the left over 20 percent will go to administrative workers at the union and republic level. We should not forget that only a year ago the average salary of administrative workers in the apparatus in the rural and settlement Soviets was 132 rubles.

Having accepted the decision about the salary increase in the government apparatus, we in no way whatever set these administrative workers above corresponding production links in the national economy, but merely removed that barrier which made impossible the transfer of a highly-qualified specialist from production to management.

There is another aspect of this problem to be considered: organization of labor for apparatus workers. Would it be effective without an incentive system for co-workers? What if a man only "occupies a position" and receives his small but dependable salary, no matter how the work is done? No, the expression "cushy job" does not exist without a reason. Indeed there are "small apparatus tricks," such as all sorts of agreements, "coordinations" of decisions which are still incomplete, and wrestling with a problem which doesn't correspond to the level of competence in a particular job, etc.

And here is what is especially interesting. Even if the higher manager sincerely wanted to put an end to all red tape, doing so would not be simple. There are no levers he can pull to accomplish this. Lowering the pay scales is practically impossible. His position is not high enough to accomplish this. Provide incentives for good work? Bonuses used to be merely symbolic: in the central apparatus at the union-level—45 rubles a year per person. Should a worker be fired? One could, of course, do this. But try to put yourself in the place of a person who possessed the sort of knowledge, of the one who is fired, and under these circumstances agreed to such a salary. No, all this seems practically impossible.

One solution is left: administrative influence. Of course, this has a dramatic effect, but if the administrative worker "does not give of himself," if he is not interested in conscientious and creative labor, then what is the use of even the strictest reprimands?

Of course the new system of worker pay does not allow us to solve all questions of improvement of our apparatus. But at least it enables strictly demanding from workers performance of the job entrusted to them.

I will note also that simultaneously with the issuance of the new pay scales, government employment was offered as well as competitive criteria for obtaining that employment. Each citizen with appropriate knowledge and experience can, if he wishes, work in the apparatus. Legal and material prerequisites for this now exist.

What does the government decree contain that is new about the organization of wage scales for workers in management.

In the first place—new schedules of official salaries were introduced. Projected growth in official salaries of directors and specialists at the union-level was placed at 30-45 percent; republic and oblast levels on the average of 50 percent; city and rayon levels, up to 70 percent; rural and settlement Soviets near 100 percent. The laws regarding managers of government organs were substantially broadened. Now they can change the structure of the apparatus, establish increases for high achievements in the quality or importance of work, and award bonuses to workers. Naturally everything must stay within the limits of the labor wage fund.

It is not clear where the government will get the money for pay raises for the administrative apparatus, because all these measures presuppose no additional allocation of budget. What concerns the All-Union organs is that the growth in wages comes from savings resulting from cutbacks in administrative expenditures for maintenance. Such savings arose as a result of the reorganization of the organs of State government—new general schedules were introduced, and some ministries and departments of the USSR were merged or liquidated, resulting in a 25 percent decrease in the number of union and republic ministries. And the number of administrative workers in the apparatus of the administrative organs was reduced in 1989 by more than a quarter of a million people, or by 14 percent, including a reduction of 34,000 (17 percent) administrative workers of the central apparatus at the union and republic ministries. The apparatus of the oblast sections lost 62,000 people (23 percent). The merger of the USSR Ministry of Agricultural Machinery and the USSR Ministry of Automobile Industry into one Ministry of Automobile and Agricultural Machine Building eliminated more than 1000 people.

In moving to the new pay scales, the republic administrative organs and the ispolkoms of the Soviets of People's Deputies use savings from cutbacks in spending on maintenance of State administrative organs. They can use for these purposes additional funds paid into their budget from the State revenues allocated to them. They implement the transfer to new salaries only after they manage to earn these revenues.

The size of the State and economic administrative organs today consists of nearly 1.6 million people. Is this a lot or a little? Is it lawful to spend corresponding revenues on their upkeep? I think that such a question is not appropriate. Today's administrative system is a mirror of our present understanding of the essence of social organization. Judging by this, however our ideology develops, tomorrow we will apparently have other economic and political systems and, understandably, a different administrative system. Some functions and, correspondingly, administrative organs will wither away, and others will appear. I cannot say with certainty that the size of the apparatus under these circumstances will decrease or increase. But one thing is clear—already today we should as a minimum create such conditions so that well-prepared people will come into tomorrow's apparatus and so that they work normally.

Another nomenklatura of positions was introduced in the apparatus at all levels—a classification system for specialists. Plans have also been made for special certification of specialists. Unfortunately, as experience indicates, this matter has not in all places been handled with the degree of responsibility befitting the State. We have already encountered cases of purely automatic salary increases, and of a formal approach to conducting certification. What can one say about that here? This is our general misfortune. Many Soviets of People's Deputies do not know how to attain the greatest effectiveness of their apparatus. And for now they have been provided sufficiently powerful criteria for active work—recruit high-caliber specialists—talented people—pay them according to their worth, and get rid of all the “deadwood” in the apparatus.

Now new organs of power are being elected. I am sure they will have need of a new, actively working model, capable of competently reaching decisions and organizing apparatus business. They can use in full measure the government decree on raising salaries.

#### **AUCCTU Deputy Chairman on Strikes, Union Independence**

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[Interview with AUCCTU Deputy Chairman I. Klochkov by own correspondent G. Valyuzhenich: “Where the Trade Unions Are Headed”]

[Text] For a long time the trade unions have been justly criticized for their passivity in defending the interests of workers. Now they are attempting to battle authority. It is true, these attempts meet with criticism as well as support among workers. What is the trade unions' position? This is the subject of an interview by our correspondent G. Valyuzhenich with the AUCCTU [All-Union Central Council of Trade Unions] Deputy Chairman I. Klochkov.

[Valyuzhenich] Igor Yevgenyevich, in their most recent demands to the government, the AUCCTU claims to

reflect the interests of workers. But nowadays everyone has begun acting in the name of the people and defending their interests. How do you discover what this “interest” is?

[Klochkov] A flow of letters, telegrams from collectives, and appeals reaches the AUCCTU from the entire Union. Our workers spend a large part of their time on business trips, in the thick of things. So we are overflowing with information on the sentiments and needs of workers. Representatives of trade union committees and worker collectives are constantly coming to us with their problems and “sore points.” Our doors are open to everyone.

[Valyuzhenich] What is your attitude toward rallies?

[Klochkov] Rallies, demonstrations, picketing—these are tested forms in the workers' struggle for their rights. Such actions are reins of a sort belonging to the trade unions' policy of defense: they form a constructive opposition to the authorities. And the aim of this policy is not to allow decisions to be made at the top which might strike a blow to the workers' interests. Our arsenal includes not only rallies, but also an extreme means of struggle: strikes. And the trade unions will use them if other measures prove ineffective.

[Valyuzhenich] Strikes are allowed by law in cases of labor disputes. It turns out that workers cannot strike, let us say, for the purpose of abolishing special privileges or gaining social justice or equality. Why, that would not be a labor dispute...

[Klochkov] There is a certain amount of politicization in these demands. And although the unions certainly agree with them, they nevertheless do not support strikes of a political nature.

If the trade unions take a position of sympathy or antipathy towards this or the other movement or party, they will become splintered. Trade unions should defend the people's labor rights, regardless of their nationality and political or religious views.

[Valyuzhenich] Independent trade unions are being created today in the nation. I have heard that they are subject to pressure from the apparat. The AUCCTU is supposedly distributing telegrams demanding that these trade unions not be recognized and that they be prevented from opening bank accounts, etc. Is this true? Do you see a strong competitor in the independent trade unions?

[Klochkov] The existence of independent trade unions is in full conformity with the law. The AUCCTU is not putting any kind of pressure on them whatsoever. And if these are groups that truly champion the interests of workers without pursuing political aims, then we will be able to find a common language with them.

The trade union movement must undergo fundamental changes. A constitutive congress of Russian trade unions is now underway which is creating the Federation of



Independent Trade Unions in Russia. We have come to the conclusion that the principle of democratic centralization in the trade union movement—the strict subordination of the minority to the majority, of the lower authorities to the higher ones—has outlived itself.

The trade union movement should be founded on the principle of democratic federalism and the voluntary integration of primary organizations into branch and regional unions. With such an approach, I think, a place can be found for any newly created independent union.

We should create strong trade unions which are independent of the party, state authority, and the administration. They should be subordinate only to the law and their members.

We should not have the single set of regulations for USSR trade unions adopted at the XVIIIth Congress of Trade Unions. That is a tribute to the past. It regulates everything: the structure of trade unions as well as the whole command pyramid, with the AUCCTU at the top.

[Valyuzhenich] But still people are not satisfied with trade unions today. There are even calls to get rid of them. According to surveys conducted by sociologists among miners of the Donetsk Basin, the majority are dissatisfied with trade unions...

[Klochkov] Get rid of whom? Themselves? With whom are they dissatisfied? With themselves? With the primary trade union organizations? Then hold new elections. Select worthy leaders who are able to defend the rights of the collective. Who is keeping those very miners from doing that? Today trade unions are allowed full independence. Act! And what is happening? "Above" we are ahead of all public organizations in the realm of radical change: I have in mind here the creation of independent trade unions. And "below," on the "primary" level, the same inertia and passivity often remain. Many are still caught up in the euphoria of negating and expressing their distrust of everything. But we ourselves must create, not just criticize: we should create the kinds of trade unions that are needed. Their fate depends upon the degree to which we are all active and take initiative.

[Valyuzhenich] How do you explain the practice of the Council of Ministers and the AUCCTU making joint decisions? It deprives the trade unions of independence and "ties their hands."

[Klochkov] This is the traditional form of "agreement and unity" between the government and trade unions. We have indeed often found ourselves "bound" hand and foot. An analogous form of agreement has been established not only above, but also below, when decisions are made and signed by the notorious "triangle." And now even a "fourth corner" has appeared. This is all a tribute to our past. I am convinced that the trade unions should not go into any "corners." They should be self-sufficient and independent of the administration.

Of course, adopting joint decisions is not ruled out entirely. But we should approach them in a more measured manner. For example, not long ago a joint decision of the USSR Council of Ministers and the AUCCTU was adopted on raising the salaries of cultural workers by 30-40 percent. We came to this decision after a great deal of time and difficulty, and therefore I consider the joint manner in which the decision was reached expedient.

It was decided that salaries would be raised in stages, by regions of the country. However, we insisted that wherever pay would be raised between 1991 and 1992, local bodies should be given the right to raise them already in 1990 at local expense.

[Valyuzhenich] What a lot of effort and compromise! And at the same time no difficulties or struggle were involved in raising the salaries of workers of Soviet bodies—moreover, not in stages, but all at once!

[Klochkov] We were not involved in that decision and did not approve it. The government is not obliged to ask for our agreement on raising the salaries of this or the other category of workers. However, I think that the situation in the nation has not given us the moral right to raise salaries, including those of workers in the party apparat, even though they have their own independent source of funds.

[Valyuzhenich] What do you mean, independent? They are accountable to the Communists. By the way, the 30-40 percent pay raise applied to the AUCCTU as well. Where did you find the money?

[Klochkov] The apparat was reduced by 250 people. However the leadership of the AUCCTU—the chairman, secretaries, the deputies, including me—did not consider it morally acceptable to receive a salary increase, even though our workload has increased. We work on practically all of our days off, in the evenings, and sometimes even late at night. Nevertheless, it is somehow easier this way to face worker collectives and workers, who very often ask what our salaries are.

[Valyuzhenich] They say that the one handing things out doesn't neglect himself. One often hears reproaches directed at the AUCCTU concerning the distribution of vacation passes. They say that a large number of them remain at the disposal of coworkers in the apparat, who not only use them themselves, but also provide their families and friends with passes. Tell me, where do you usually take your vacations?

[Klochkov] Last year my wife and I took our vacation at the trade union sanatorium Rossiya. Unfortunately, it was only for two weeks: I was called back to work.

Honestly speaking, I am not seeking special conditions or privileges for myself. It is true, I really have no problem getting passes. I do not have to stand in line. I need not struggle or worry about getting them. And perhaps in this sense I am privileged.



But as for the distribution of vacation passes, earlier, of course, the "telephone rule" was in operation, and if one went lower, to primary organizations, passes were often distributed among the directorship and their friends. Now, under democratization and glasnost, the situation is changing.

The Central Council on Health Resorts provides around 12 million passes per year. All of 1.5 thousand are earmarked for the AUCCTU reserves—for emergency help for workers. But, say, the passes to Karlovy Vary, which were earlier distributed from these reserves, are all given out at enterprises. The AUCCTU has divested itself of the function of distributing the passes.

### RSFSR Trade Union Congress Considers Goals

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pp 1-2

[Article: "The Main Goal—Protecting the Interests of Laborers: The Constituent Congress of RSFSR Trade Unions Continues Its Work in Moscow"]

[Text] The Constituent Congress of RSFSR Trade Unions continued its work yesterday in the Kremlin. Participants of the discussion of the goals and principles of the organizational association and of the activities of RSFSR trade unions included: A. V. Lukinykh, shop committee chairman, electrician, Uralmash Production Association; V. V. Alafinov, chairman of the Central Committee of the RSFSR Trade Union of Cooperative Workers; G. A. Budkov, tinsmith brigade leader, Orenburg Machinery Plant; V. M. Mavrin, chairman of the territorial committee of the Trade Union of Aviation Workers of Central Oblasts of the RSFSR; V. S. Akse-nov, rector, Khabarovsk Cultural Institute; Kh. N. Lattu, chairman, Volgograd Oblast Trade Union Council; V. M. Yermolyev, chairman, Gorkiy Oblast Committee of the State Trade and Consumer Cooperative Workers' Trade Union; Yu. M. Bondar, fishing port docker brigade leader (Nakhodka, Maritime Kray); Yu. A. Shcheglov, chairman, Yaroslavl Oblast Trade Union Council; S. V. Khramov, chairman of the coordinating council of the Sotsprof [not further identified] Association; I. Ya. Gilmudinov, chairman, Perm Oblast Committee of the State Institution Workers' Trade Union; A. V. Ponomarev, chairman, trade union committee of students of Ural Polytechnical Institute (Sverdlovsk); M. V. Kozlov, chairman, trade union committee of the Electrochemistry Institute, USSR Academy of Sciences (Moscow); G. S. Khizha, general director, Svetlana LOEP [not further identified] (Leningrad); A. S. Davydov, chairman, republic committee of the Agroindustrial Complex Workers' Trade Union; V. D. Sokolov, assistant station-master, Mulde Locomotive Depot, Northern Railroad (Vorkuta); M. Ya. Zateyev, chairman, Khabarovsk Kray Trade Union Council; A. N. Tsvetkov, bulldozer operator, Tsentralnyy Mine, Apatit Production Association, (Murmansk Oblast); V. P. Savchenko, secretary, Central Committee of the State Institution Workers' Trade Union, chairman, Bureau of the Central Committee for

the RSFSR; M. T. Daurov, rigger, Maykop Druzhba Furniture Woodworking Production Association; A. F. Mandrin, chairman, Krasnoyarsk Kray Electric Power Plant and Electrical Engineering Industry Workers' Trade Union; N. P. Pronicheva, first mate and assistant mechanic, the steamship "Volga-Don-151," Volga United River Steamship Company; A. G. Krylov, chairman, trade union committee of the Yakutzoloto Production Association.

AUCCTU Deputy Chairman I. Ye. Klochkov, chairman of the organizing committee for the congress's preparation, gave the concluding remarks. RSFSR Council of Ministers Chairman A. V. Vlasov, candidate member of the CPSU Central Committee Politburo, replied to questions from the congress's participants.

Then began a discussion of the drafts of the congress's principal documents.

The congress will continue its work today.

"Our congress," M. S. Petrusenko, chairman, trade union committee of the Krasnodar Machine Tool Building Production Association, said as he opened the debates, "is called upon to consolidate Russia's trade unions. I would like to put the accent precisely on this—consolidate. Which is why I ask of you that as long as the federation is oriented on consolidation, let's proceed in accordance with this principle.

"I would like to say a few words to the organizing committee in regard to several positions at once. First of all I do not completely understand the haste with which the principles of the federation's creation were formulated, and why their discussion at the primary level was conducted so late. I feel that this has constrained our congress a great deal. In the report to the congress, the question as to whether to make a final decision now, at this congress, or to extend the powers of the delegates until September, was raised. Being a trade union committee chairman, I do of course know how to count money, and I understand that the trade unions will have to cover certain expenses in September in order to get us all back here together again. Therefore I would like to propose the following: Let's work more productively, and in behalf of a single goal—in the interests of the primary organizations."

Moscow City Trade Union Council Chairman V. P. Sherbakov took the floor. "One out of every four families in Russia requires improvements in housing conditions. Nine million families are waiting in line, with one out of every five waiting over 10 years. Russia also holds a sorry first place in morbidity," the speaker emphasized.

"These examples indicate that creation of an independent trade union center in the RSFSR cannot tolerate any further postponements. I feel that the proposal to delay its formation for another half a year is unacceptable. A Russian trade union council has already essentially been created, it should begin its work, and the first

thing that it must do is to sit down with the government at the negotiating table and determine the priority steps directed at raising the standard of living of peoples residing in RSFSR territory. We need to begin developing plan proposals for the 13th Five-Year Plan, and drafting an agreement with the Russian government.

"Also, we need to come to the next USSR Trade Union Congress with a Russian trade union center already in operation, possessing its own clear program. We must consolidate the efforts of both territorial and sector trade union organs and coordinate their actions in drafting laws and agreements, in adopting joint appeals, statements and open letters, and in organizing processions, demonstrations, rallies and solidarity strikes in support of the demands of individual regions or sectors. The fact that trade unions are a powerful force has been understood by many, except perhaps by ourselves."

The floor was turned over to T. M. Golovina, machine operator of the Lyuminofor Scientific-Production Association and member of the Stavropol Kray Trade Union Council. "Our congress," she said, "is making its contribution to righting historical wrongs, it is promoting a return of this great republic to a position of equal rank with the others in all respects, and I am proud that I am taking a direct part in this.

"But now a few words about the trade unions, and their structure. I will be frank. Before I was elected a member of a sector section of the kray trade union council and chairman of the trade union committee's housing and personal services commission, I did not come into very close contact with the work of trade union organs all that often. But now I have immersed myself in the vast range of issues with which it deals. I also know that creation of city and rayon trade union councils is a sore spot for some comrades from the republic's center, which is why they initiated the debate as to which level is to enjoy preference—the sector or the interunion organs. What sort of trade union do I need as a rank-and-file member, what kind of trade union organ do I need? One, of course, which is able to really help me and defend my interests and the interests of the entire labor collective efficiently, without red tape."

M. M. Kuzmenko, chairman of the Russian Republic Committee of the Medical Workers' Trade Union, took the floor. He emphasized that no one today doubts the need for having, in the Russian Federation, the kind of fully empowered state and sociopolitical structures that are inherent to a sovereign republic. "This was the conclusion that was also reached by our trade union, which formed a Russian committee in January of this year," the speaker said. "Moreover the matter of creating an independent trade union of public health workers will be examined at the next plenum of the trade union committee, and therefore our delegation supports the conception of organizing independent Russian trade unions. The time has come to select, from among the entire diversity of social structures, those which could protect the interests of the laborers the most effectively.

In the opinion of our delegation, a federation of independent Russian trade unions would be precisely such a structure which will be able to serve its purpose to the fullest."

The federation council must be completely free of the flaws of authoritarian administrative methods. In the speaker's opinion the federation's establishment should be declared at this very congress; its membership should consist of those organizations which provided representatives to the council. A charter should be adopted on the basis of the draft principles of the federation's organizational structure and activities.

"The answer to the question as to what Russia should be," emphasized Leningrad Oblast Trade Union Council Chairman V. I. Korzhov, "is the same in the minds of the overwhelming majority. The republic must be sovereign, economically independent and equal within the framework of the unified, renewed USSR federation, and it must possess its own authoritative parliament and government and its own social organizations, including strong trade unions. These issues have now come to the forefront, and their resolution can no longer be postponed.

"It is precisely at this congress that we should form fully empowered Russian trade unions independent of state, party and administrative organizations. We have principles and a constituency to defend. Throughout the entire Soviet period, the republic's economy has been in the service of state policy. Many tens of billions of rubles are withdrawn from the Russian treasury owing to non-equivalent exchange. This situation can be seen in all regions, including in ours, where less than a fourth of the income remains for social development of Leningrad.

"We have all acutely sensed the lack of a law on trade union rights. Such a law is needed in the republic as well; we have already talked about this, and therefore I would like to ask the future council once again not only to draw up this document and submit it to the republic's Supreme Soviet, as the resolution emphasizes, but also to promote its fastest possible adoption. We cannot forget that this law is awaited by every trade union organization."

"It is very important to create a republic trade union center," Kemerovo Oblast Trade Union Council Chairman V. I. Romanov emphasized in his statement, "but it is no less important to determine its program of action for Russia's rebirth. I intend to submit a proposal in behalf of the Kuznetsk Basin delegation," the speaker said, "as to what in our opinion the new organ should be. We do not fully understand the organizing committee's proposal to form not a council but a federation of independent Russian trade unions. I think that the organizing committee obviously deviated, not without the awareness of the AUCCTU Presidium, from decisions of the interunion sector trade union conferences,

which supported the decision of the Sixth AUCCTU Plenum and have already elected members to the Russian Trade Union Council.

"In our opinion a federation would not require binding ties and mutual responsibility of all trade union units among each other. The proposed method of action and the complete independence of the federation's members will make the federation council weak and uncertain in its actions. And this means that the new organ will not be able to fully express the interests of all laborers.

"Nor can we agree with the proposal to make the final decision in the next congress half a year from now. If our congress takes this path, it will not be able to achieve its main objective—unifying Russia's trade union organizations and forming its trade union center."

"The sociopolitical and socioeconomic situation in the country," Kuybyshev Pedagogical Institute Trade Union Committee Chairman V. A. Zavodchikov began his statement, "requires restoration of the RSFSR's statehood and creation of independent structures within it, including an independent Trade Union Federation. I would like to dwell specially on the procedure for forming its administrative body. I support the organizing committee's proposal for direct election, from among two or more candidates, of the chairman and his deputies by all delegates to the congress. And I categorically disagree with the procedure suggested for appointing the secretaries. If we accept the variant of forming the administrative unit proposed by the organizing committee, in reality power will be in the hands of three persons—the chairman and his deputies. This will significantly increase the influence of the administration on decisions, since the experience of trade union work shows that it is impossible for a presidium of 65 persons to conduct business-like discussion of specific problems."

"The main thing the congress is called upon to do is to determine the conception and the strategic directions of the work of Russia's supreme trade union body and its executive elements," declared Kalinin Oblast Trade Union Council Chairman V. I. Tsyganov. "Fulfilling their protective function, Russia's trade unions must get the government to act as necessary to at least keep the people's standard of living from decreasing in the immediate future. If the trade unions participate in planning at all levels, defending the social orientation of the plans, if they take an active part in the preparations for transition of the regions to the principle of cost accounting, self-management and self-financing, these objectives will be reached successfully."

Tsyganov concluded by saying that creation of a Russian trade union organ means not separation of sector and regional structures but their consolidation. This would mean establishment of partnership relations with the Supreme Soviet and the Russian government.

The floor was then turned over to S. S. Bett, a hunter-fisherman of the Taymyr Autonomous Okrug, Krasnoyarsk Kray.

"I asked to speak," he said, "because this week the agroindustrial committee held a meeting in which the problems of Northern nationalities was discussed. It is true that we were not invited to it, and that our requests and proposals were not heard out. It is difficult to say why.

"I appeal to you for assistance, for support. We feel that a department of Northern peoples that would address our problems should be created in a federation of independent trade unions. We await specific action from you."

"I have taken part in the work of the AUCCTU Presidium and in the discussion of the draft plans for the country's economic and social development," noted T. S. Maksimova, chairman of the republic committee of the Public Education and Science Workers' Trade Union, "and I have seen how insistently the leaders of the republic trade union centers of the Ukraine, Belorussia, Kazakhstan, Uzbekistan and other union republics defend, compromise and sometimes fight, and on the whole, only Russia is not being represented by anyone. Therefore it is extremely important for there to appear an empowered trade union organ which could become a constructive opponent to the powers of the Russian Federation and establish relations with them on the basis of equality and partnership from the very first days of its existence."

"Our delegation," noted Bryansk Oblast Trade Union Council Chairman V. A. Ivashutin, "supports the proposal to create a strong Russian trade union center which would begin working immediately following the congress. Strong republic committees of sector trade unions should also correspond to such a council. We, the residents of Bryansk Oblast, sense the need for a republic council especially keenly.

"In April 1986 the cloud from Chernobyl covered our oblast's southwestern rayons. More than 300,000 of our residents now live in a complex radiation situation, while 120,000 live in a zone of strict medical monitoring. In our efforts to resolve matters associated with the Chernobyl tragedy, we appear at all levels of authority as petitioners, often colliding with a wall of incomprehension and indifference, and we waste time and effort perpetually trying to prove the obvious, the things we have suffered through. We need the support of the new council in this area," the speaker emphasized, "we need its influence upon the republic's government."

Severonikel Combine Trade Union Committee Chairman B. G. Misnik took the floor. "Our congress must adopt the decision to create a federation rather than a council, and to hold elections," he said. "Whatever adjustments might be necessary could be made later on. The obsolete baggage of old trade union structures is of no help to raising the confidence of workers and other

## LABOR

rank-and-file trade union members that the painful issues of the life of the laborers will be resolved. The thesis that trade unions must be independent of party, political and other state and public structures was proclaimed in the report to the congress and in the draft declaration. In practice, however, what we need first is trade unions independent of administrative workers at the enterprise level—that is, we have an urgent need for a law on the rights of trade unions; perhaps it would be faster and more correct to adopt such a republic law without waiting for an all-union law.

"The trade unions of the northern oblasts and autonomous republics appeal to the congress to understand our concern and to instruct the newly elected Council of the Russian Federation of Independent Trade Unions to examine the basic socioeconomic problems together with oblast trade union councils of the northern region at the level of the republic's and country's government."

"We need to set the example of a qualitatively new approach to the trade union movement here at this congress," said S. I. Shuklin, chairman of the Central Committee of the Defense Industry Workers' Trade Union. "Unification of Russian trade unions must be based on common goals—voluntary entry into the federation on a contract basis, and independence and autonomy of federation members."

"All problems of the trade union movement must be viewed through the eyes of the primary trade union organization. It is in the interests of the latter that we must act, including in our decisions adopted here at this congress. A Russian trade union center must not become an authoritarian superstructure imposed upon the primary organizations from above."

"Today," Shuklin went on to say, "we need to decisively demand that the republic government implement harsh measures to put things in order in Russia."

"I side with the proponents of the Russian Federation of Independent Trade Unions," was the way N. A. Varenova, chairman of the Bashkir Oblast Committee of the Textile and Light Industry Workers' Trade Union, began her statement. "Like it or not, a system in which commands are handed down from above will result in the creation of alternative trade unions. This would mean not apparent but actual fractionation of the trade union movement. The power of a federation of independent trade unions lies, in my opinion, in the fact that because it does not suppress and it does not command, it will allow us to reach agreement on the main thing—real change in the function of the trade unions and in their organizational structure, and unification of forces at the professional and regional levels. In the meantime the organization presently in power has already done quite a bit to numb the trade union movement; its presently existing structure repeats the power pyramid with minor deviations. Might this not be why we have become a sort of lining of the government and ministry overcoat?"

"Russia's lack of equality is also having an effect on the Bashkir ASSR. We need to change our relationship to Russia. We have become persuaded that the AUCCTU and the central committees have shied away from the most acute problems of the regions. The Russian Trade Union Federation is called upon to correct this situation. And ultimately the matter does not rest with the organizational structure, because people are indifferent as to what sort of functions, structure and mutual relations we have. They are entitled to demand all-out concern and understanding, and observance of laws."

Bringing trade union organs closer to the primary organizations and solving the urgent problems of the primary organizations are a necessity of the times, was what A. V. Lukinykh, shop committee chairman and electrician of the Uralmash Production Association, said. "An appeal of the laborers to immediately publish the draft of lists No 1 and No 2 of retirement benefits together with the justifications for the principles upon which these lists were drawn up was adopted a month ago at a conference of the labor collective of Uralmash," the speaker said. "But we are still waiting for an answer from the AUCCTU. It is obviously too busy to worry about the primary organizations. This is why trade union leaders are experiencing a drop in their prestige in the elections of people's deputies in the republic."

"It is very important for the council of the Russian Trade Union Federation not to become another bureaucratic office. We are still unsure as to what role would remain for the AUCCTU, how it will manage the Russian trade union center, and how the Russian center might interact with the sector trade unions, the enterprises of which are subordinated to union ministries, such as with Uralmash for example."

The speaker proposed electing the federation chairman and his deputies at the congress by secret ballot from a selection of candidates, and listening to their programs of action. He also proposed that the federation council should draw up a program of specific actions for the next year and 5 years into the future, to be discussed in the primary organizations and locally. Critical remarks and proposals offered by delegates to the congress should be laid at the basis of the future program of action.

V. V. Alafinov, chairman of the Central Committee of the RSFSR Trade Union of Cooperative Workers, emphasized in his statement that reorganization of the trade union movement must be closely associated with changes occurring in our state's political and economic structure. A transition to a market economy is now beginning in the country. The transition will be long and hard. The most dangerous phenomenon in the period of transition is inflation, and as a consequence, a decrease in the living standard of the laborers. The trade union movement as a whole should develop and submit constructive proposals to the government directed at stabilizing inflation and implementing the widely publicized social programs, fulfillment of which is under considerable doubt today.

"I believe that the goal of the congress," said G. A. Budkov, tinsmith brigade leader of the Orenburg Machinery Plant, "is to help the trade unions to properly defend the interests of the laborers. The decisions of the Sixth AUCCTU Plenum to fundamentally restructure our activity was met with great satisfaction by the labor collectives. But a year has gone by, and I must say outright that our optimism has diminished somewhat. Comparing expectations with the real state of affairs, one ponders the causes retarding the process of perestroika. We seem to be missing something very important."

V. M. Mavrin, chairman of the Trade Union of Aviation Workers of Central Oblasts of the RSFSR, took the floor. He declared that we first need to make the trade unions independent, and then create a federation of independent trade unions. This would require rejection of mandatory agreement and participation of administrative organs in decision making. Our relations with state administrative bodies and enterprises should be created only through the signing of collective contracts and agreements on social security of the laborers. We need an instrument by which to carry out our protective function.

"I am speaking as a member of the Russian Republic Cultural Workers' Trade Union, which was organized a month ago," Khabarovsk Cultural Institute Rector V. S. Aksenov emphasized. "We have convened here in order to discuss the principles, methods and forms of work in the new conditions."

The speaker proposed in particular that we develop an all-Russian trade union program with an eye on making the spiritual health of the people a common cause. If we do not unite our efforts today in the noble effort to save our culture, national worth and spirituality, we will be inundated by the wave of business, into which we ourselves are pushing culture.

Volgograd Trade Union Council Chairman Kh. N. Lattu emphasized in her statement that the oblast's trade unions have already declared their independence under the complex sociopolitical conditions currently evolving. They have suggested specific measures to protect the socioeconomic rights of the laborers. The oblast trade union council signed an agreement with the executive committee of the oblast council for 1990-1991.

"In order that the socioeconomic interests of the laborers could be reliably defended," said Kh. N. Lattu, "our republic trade union organ must possess the right of legislative initiative. But according to the constitution this right is possessed by public organizations having a charter and a program. Therefore we need to adopt a charter at this congress."

Yu. M. Bondar, docker brigade leader of a fishing port (Nakhodka), stated critical remarks concerning the problems of developing social, cultural and personal service facilities in the Far East. He emphasized that the Russian trade union center must be in a position to solve all really serious problems.

"We are now in a special situation," Yaroslav Oblast Trade Union Council Chairman Yu. A. Shcheglov directed the attention of the delegates to the congress, "inasmuch as preparations are being made for switching a number of regions of our Russian Federation to self-sufficiency and self-financing. I believe that active intervention into the writing and preparation of cost-accounting statutes must be one of the main and foremost of our orders to the new organ."

"The AUCCTU is presently fulfilling its function of leading the trade unions of the RSFSR as if this were just a sideline, and it is leading them extremely unsatisfactorily," the speaker said. "And apparently this is one of the reasons why creation of an RSFSR trade union center has been called for. I feel that the federation council must begin acting without delay. The federation council must not be large, it must be able to perform. In my opinion," Yu. A. Shcheglov went on to say, "we need to seriously think out our trade union actions in the face of the appearance of a multiparty system in our society right now."

S. V. Khramov, chairman of the coordinating council of the Sotsprof Association, proposed rejecting administration of state social security by trade unions and fundamentally reexamining the collective contract conception.

"We are all unanimous in the belief that a republic trade union organ must be created," emphasized I. Ya. Gilmudinov, chairman of the Perm Oblast Committee of the State Institution Workers' Trade Union. "The organizing committee proposes a federation to us. The idea is tempting and theoretically promising, because it presupposes considerable independence. But the proposal does not address mechanisms which would prevent action in accordance with the principle of doing anything you want to do."

"We absolutely need a charter and a program clearly documenting the fact that we reject any efforts to copy the work of the Central Committee of Sector Trade Unions."

Speaking to the delegates, A. S. Davydov, chairman of the republic committee of the Agroindustrial Complex Workers' Trade Union, dwelled on the problems of mutual relations between trade unions and party organs, and on the difficulties experienced by agricultural workers in connection with the economic reform.

The floor was then turned over to V. D. Sokolov, assistant stationmaster of the Mulde Locomotive Depot of the Northern Railroad (Vorkuta). "The authority of the trade unions is falling," the speaker noted, "especially in the primary organizations. The laborers are creating their own associations, which are leaving the oblast trade union councils. The AUCCTU and sector trade unions failed to take the initiative in time. We need a Russian trade union center in order to unite all groups of laborers. The main thing is for it to rise to the defense

of the rights of workers, disabled persons, retired individuals and students. This is why it must become independent of the party, the government and state. But the trade unions must influence the sociopolitical and economic life of the society by submitting their proposals and demands to the government and the Supreme Soviet, and they must participate in legislative activities in order to protect the rights of the laborers."

"An original idea was proposed to us," noted Khabarovsk Kray Trade Union Council Chairman M. Ya. Zateyev, "that of creating a federation of trade unions. But we must admit that it has not been thought out to the end. There are no answers to many questions: Can the federation council operate when the federation itself is nonexistent? Who can become a member of the federation, and what is the joining procedure? What are the legal principles of the federation's activity?"

"Therefore I support those who assert that a Russian trade union council has already been created for practical purposes. We received a red book clearly stating the composition of the Russian trade union council. Therefore my proposal is to recognize the authority of representatives nominated as council delegates, and consequently the authority of the Russian Republic Trade Union Council. I also propose that we instruct the new Russian council to work out all of the problems of the future federation."

"The question that troubles me, a rank-and-file trade union member," said A. N. Tsvetkov, bulldozer operator of the Tsentralnyy Mine of the Apatit Production Association in Murmansk Oblast, "is this: Have we clarified the goal, objectives and principles of the new center of Russia's trade union movement sufficiently well? The problem lies not with what its name is to be, but with how it will benefit the primary organizations." A. N. Tsvetkov then went on to discuss the economic problems of his region.

V. P. Sabchenko, secretary of the Central Committee of the State Institution Workers' Trade Union and chairman of the Bureau of the Central Committee of RSFSR Trade Unions, then came up to the podium. "The people need independent trade unions as much as they need air," he emphasized. "But introducing the concept 'independent' will change nothing. It may remain only a declaration on paper, because the law protects only the primary trade union elements, while all others, up to the country's trade union center, are not protected by law in any way. This is why examination of a law on the rights of trade unions in the republic by the Russian parliament as early as in the current year is an objective for which we must fight from the very beginning."

"The fact that many are indifferent as to what name to use—trade union council or federation council—elicits a certain amount of concern, because this is a fundamental issue. I think that creating a federation means creating something amorphous, unstable, responsible to nothing

or no one. This is not what might be termed an organization. It seems to me that we need to create a trade union council and, moreover, not a Russian trade union council but a Council of Russian Organizations of USSR Trade Unions.

"Discussing fundamental renewal of the trade union movement in Russia, we cannot but associate it with the need for changing the functions of the central committees of the sector trade unions. Their command function must be abolished irreversibly, and their main objective should be to represent and defend the interests of trade union members in the union ministries and departments, and serve as the methodological centers of trade union work in each sector."

"Our delegation," said M. T. Daurov, a rigger at the Maykop Druzhba Furniture Woodworking Production Association, "supports creation of the Federation of Independent RSFSR Trade Unions. We need to clearly determine today who is to do what both at the top echelon of the trade union movement and in the primary trade union organizations."

A. F. Mandrik, chairman of the Krasnoyarsk Kray Committee of the Electric Power Plant and Electrical Engineering Industry Workers' Trade Union, turned the attention of the delegates to the need for quickly finishing the organizational process, since otherwise it would be impossible to go on with normal work. Some charters have become obsolete, while new ones have not yet been created. "It was asked here that we adopt a law on trade union rights as quickly as possible. But what do we tend to gain with such a law? If it is adopted, we will place ourselves in a cage from which we will be unable to subsequently free ourselves. The trade unions are independent public organizations that must be administered by their own charter and by the USSR Constitution, and guarantees must be written into the Labor Code. I feel that if it wishes to, the trade union itself could always revise its charter without asking anyone's permission to do so. I think that there is food for thought here."

The floor was then taken by N. P. Pronicheva, first mate and assistant mechanic of the steamship "Volga-Don-151." "The executive body of the Russian trade unions must be created out of experienced representatives of the trade union aktiv," she said, "and not out of AUCCTU officials, since new people would be able to organize the work in a new way. We are discussing the creation of independent trade unions, but we ourselves are creating a pipeline by which to pump in personnel from the AUCCTU apparatus."

"According to the statistics," N. P. Pronicheva noted, "a third of the fleet command fails to live up to an age of 50 years. We have asked several times for a review of the pension qualification requirements for the crews of vessels of the seagoing and river fleet, but we have still not received an answer." She asked the new trade union organ of the Russian Federation for help in resolving this matter.

A. G. Krylov, chairman of the trade union committee of the Yakutzoloto Production Association, stepped up to the podium. "The new Russian trade union council or federation must first generalize everything useful that we accumulated over the past 2-3 years, in which we began to feel ourselves to be trade unions," he said. "Convocation of the Second RSFSR Trade Union Congress in the month of September is a good idea. After all, we came to this congress without a complete idea of what we wanted. The term itself 'Federation of Independent Trade Unions' came into being literally 2 weeks before the congress, since before this, the discussion centered on a Russian trade union council. We need time to think about what we have discussed here, and then we need to reconvene and generalize all of this."

Many delegates and guests of the congress were provided a possibility for stating specific proposals on the problems under discussion with the assistance of "free" microphones set up in the auditorium.

Then the delegates went on to discuss the drafts of the congress's principal documents.

#### Rise in Serious Industrial Accidents in February Discussed

904F0112A Moscow TRUD in Russian 18 Mar 90 p 1

[Report by the USSR State Committee for Safety in the Atomic Power Industry: "Accidents Have Increased"]

[Text] The USSR State Committee for Safety in the Atomic Power Industry [Gospromatomnadzor] reports on the most serious accidents in production.

The total number of people killed in February was 127.

Number of People Killed in February		
Including:	Total	In Group Accidents
In coal industry	65	21
In chemical and petrochemical industry	3	-
In metallurgy	5	1
In mining industry	25	3
In oil and gas production	4	1
In operating underground structures	22	-
In geological exploration organizations	3	-

The editorial staff asked M.P. Vasilchuk, first deputy chairman of the USSR Gospromatomnadzor, to comment on these figures and on the state of industrial safety.

"Unfortunately, I must note first of all that the level of injuries and accidents in February, despite it being a shorter month, turned out to be higher than in the

preceding month and 30 percent higher than last February. In our view, there are several reasons for this. First of all, discipline at the work place continues to remain low. Second, departmental services, on whom industrial safety is largely dependent, have done a poor job. Third, the obsolescence (including from the standpoint of safety) and wear of a large portion of the equipment has had an effect. We must admit that our inspectors also are not fully coping with their duties—timely detection of violations of safety norms and procedures."

There were 9 serious accidents in February in the coal industry alone, resulting in injuries to 38 people, 15 of whom died.

It has already been reported about the tragedy at the Mine imeni K.I. Pochenkov in the Donbass and about the immediate deaths of 13 people. There was a series of explosions of methane gas, and the source was a fire that broke out in a longwall space worked back in December of last year. The situation in the mines continues to remain tense. Just recently, on 6 March, a report came in from Georgia that there was another explosion of methane gas in one of the Tkvarcheli mines, killing 5 people.

There were two cases of a hanging wall caving in at mining enterprises, resulting in the deaths of workers: at the Mine imeni Valyavo in Krivoy Rog Basin and at Mine No 65 in Dzhezkazgan.

Two serious accidents happened in late February at chemical production facilities. On 20 February, there was an explosion of a hydrogen mixture at the Rovno "Azot" Production Association, resulting in the building housing the unit producing hydrogen being almost totally destroyed. The commission established that the necessary questions of ensuring its safety were not resolved during project planning.

The second accident was on 22 February at the Novokuybyshev Oil Refinery, where, due to a break in an industrial waste reservoir, there was a discharge of light hydrocarbons, which subsequently ignited and exploded. Twelve people were injured. The cause of the accident was a deviation from the plan when installing the pipelines.

The situations is also far from favorable in other sectors. On 7 February at the Yeruslan "Prikaspiyburneft" Drilling Production Association there was an explosion of a gas mixture with its subsequent combustion. A derrick and drilling equipment burned up. There were no casualties. On 17 February, due to a violation of the manufacturing method for producing cast iron in blast furnace No 5 at the Kommunariski Metallurgical Combine, a burnout of an iron tap-hole and other structures occurred, resulting in about 200 tons of metal flowing out under the furnace. The furnace stood idle for more than 5 days. Underproduction of products was 16,000 tons.



It should be added that mishaps occur not only in production, but also in everyday life, when safety requirements are treated formally. Thus, on 24 February in an apartment of one of the buildings of Donetsk, five people were poisoned by carbon monoxide. The cause was blockage of the chimney by construction debris. A check of the gas conduit was not made, although the commission was presented the appropriate inspection document.

### Application of Regional Pension Coefficients Clarified

904F0102A Moscow SOVETSKAYA ROSSIYA  
in Russian 8 Mar 90 Second Edition p 1

[Article by M. Kravchenko, deputy chairman, USSR Goskomtrud [State Committee for Labor and Social Problems]: "Concern for Northerners: Regional Pension Coefficients"]

[Text] In order to implement the social program approved by the USSR Supreme Soviet, on 16 February of the current year, the USSR Council of Ministers adopted a decree entitled "On Regional Coefficients for the Pensions of Citizens Living in Regions of the Far North and in Localities Granted the Same Status as Regions of the Far North."

As is known, the so-called regional coefficients have been established for the wages of workers and office employees who are employed in regions of the Far North and in localities deemed equivalent to such regions. These coefficients have been designed to compensate—to a certain extent—for the additional outlays which citizens must make in connection with the particular features of living in these regions. Let's say, for example, that the monthly wage of an engineer at a Moscow plant amounts to 220 rubles, whereas for an analogous position, for example, in Kamchatka, where a coefficient of 1.6 is in effect, it would amount to 352 rubles a month.

According to the existing procedure for setting a pension, consideration is given to the de facto wages, including as well the totals of the regional coefficient being added, which thereby also affects the size of most pensions. However, in connection with the fact that the minimum and maximum pensions, i.e., the strictly financed levels are the same throughout the country's entire territory, the wages increased by means of the coefficient are not appropriately reflected in the pension sizes. As a result, though the costs of living have increased for the "Northerners," they receive maximum and minimum pension amounts which are equal to those received by citizens living in other regions of the country. In our example, with a wage of 352 rubles the engineer in Kamchatka would have been receiving until recently a maximum old-age pension of 120 rubles a month, i.e., precisely the same as his colleague in Moscow.

The new decree adopted by the USSR Council of Ministers has established that henceforth, upon the putting into effect of the USSR Law entitled "On Pension

Security for Citizens in the USSR," beginning on 1 January 1990 in the regions of the Far North and localities deemed equivalent to regions of the Far North, the minimum and maximum sizes of pensions provided for by the existing Law on State Pensions, shall be determined with the application of the appropriate regional coefficients.

Moreover, if there are various different wage coefficients operative in a particular region, use shall be made of the coefficients which have been established for workers and office employees in the non-production sectors of the national economy.

In practice, this means an increase in these regions, primarily of the minimum sizes of these types of pensions. For example, the minimum of a full old-age pension for the country as a whole amounts to 70 rubles, but in the city of Murmansk, where a coefficient of 1.4 has been established, this level is being increased to 98 rubles. And if, let's say, a pensioner from Kiev moves here, a person who has been receiving a minimum pension or slightly more, he will be paid the "Northern" minimum—amounting to 98 rubles.

The maximum size of the pension, for example, in this very same Murmansk, is being increased from 120 to 168 rubles. It can be calculated that, if a pensioner has no right to an increment to his pension, he will receive a new ultimate earnings of 336 rubles or more. Out of earnings of 300 rubles a month, 150 rubles will consist of his pension. In those cases where the pension is tied in with an increment for 15 years of uninterrupted service (10 percent of the pension), the new maximum, together with wages earned, will exceed 305 rubles.

It should be emphasized that, in connection with the establishment of maximum pensions taking into account the regional coefficients, the procedure is being retained for calculating the 20-percent increment for an uninterrupted period of work at one enterprise for at least 25 years (for women having children the corresponding period of work is 20 years). This increment has a limit of 10 percent of the basic size of the pension being paid out and in excess of the new maximum. Thereby, the pension, instead of 168 rubles, could reach 184.8 rubles, if we are talking about Murmansk.

One more important clarification. Regional coefficients are being applied not only to the general, overall maximum, but also to the increased, maximum sizes of a pension. Let's recall that for employees in the coal industry, metallurgy, etc., working at the corresponding jobs for at least 15 years, the pension "ceiling" amounts to 140 rubles, whereas after a person has been on the job for 20 years, it is 160 rubles. When a coefficient of 1.4 is applied, the pension levels rise to 196 and 224 rubles respectively (without taking into account the possible increase by means of a 20-percent increment).

Thus, with the introduction of the above-indicated procedure, for example, in Murmansk, there has been a revision of old-age pensions paid in an amount less than



98 rubles (they are being increased to this sum-total), as well as pensions which had been previously established at the maximum sizes, if the wages enable them to be increased depending upon the specific conditions of setting the pension involved.

Does that mean that pensions which are in the interval between 98 and 120 rubles (the former maximum) do not reflect the regional coefficient? No. It has already been noted that it is included in the wage when the pension is set. And the application of a coefficient to the indicated pensions, as has been suggested, would be like to its being applied twice, inasmuch as it has already been fully taken into account in the wage from which the pension is calculated. For example, from a wage of 210 rubles, taken with a coefficient of 1.4, the pension amounts to 105 rubles (without increments). Are their any justifiable grounds for applying it to this pension again? Of course not.

The following question also arises: what if the pension was calculated from a wage for a period when pensions had not yet been introduced in the locality involved? For example, for employees of the non-production sphere in Murmansk, the coefficient was established in 1964. In these cases, wages according to the existing rules (up to 300 rubles) are being revised taking the coefficient into account. Then the pension is calculated from that wage. In no cases can it be less than 98 rubles.

There are certain distinctive features in the procedure for applying regional coefficients to the pensions of former military staff personnel who are living in the regions concerned.

With regard to the questions raised here, in specific cases we recommend that people address them to the social-security organs, and with regard to the pensions of military service personnel, they should turn for assistance to voyenkomat [military registration and enlistment office] near their places of residence.

#### State Arbitrage Rules in Favor of Cooperative

904F0109A Moscow ARGUMENTY I FAKTY  
in Russian No 11, 17-23 Mar 90 p 8

[Account by the USSR State Board of Arbitration of the decision on litigation between the government and the cooperative "Tekhnika," prepared by A. Binev. For more on the activities of the "Tekhnika" cooperative and the Ministry of Finance decision to freeze the cooperative's account, see Soviet Union: ECONOMIC AFFAIRS report, JPRS-UEA-89-013 of 15 May 89, pages 23-25]

[Text] *I cannot believe that a fair ruling can be reached here on the litigation between the government and a cooperative. What awaits the cooperative worth millions, "Tekhnika," with A. Tarasovyy at its head?*

We received an answer to this question from the USSR State Board of Arbitration.

The USSR State Board of Arbitration has considered the request by the cooperative "Tekhnika" that letters from the USSR Minfin [Ministry of Finance] Auditing Department (KRU) and the Sverdlovsk Division of Zhilsotsbank [Bank for Housing and Municipal Services and Social Development] of Moscow be declared invalid. These documents froze the cooperative's bank account, declared contracts it had concluded invalid, and, according to "Tekhnika," resulted in a material loss of several tens of millions of rubles. These organs were exceeding their authority in issuing these letters. The latter were nullified, since it was a case of state organizations in essence interfering in a cooperative's economic activity, in violation of Article 10 of the Law on Cooperatives in the USSR.

The cooperative "Tekhnika" violated no statutes, since letters from Mosgorispolkom [Moscow city executive committee] gave it permission to carry out a number of operations in computer technology, waste disposal, and contracting with state enterprises. The cooperative itself did not carry out any foreign-trade operations: it concluded agreements with foreign economic organizations. According to Paragraph One, Article Three of the Law on Cooperatives in the USSR, a cooperative has the right to engage in any kinds of activities that are not forbidden by legislature.

A cooperative has the right to control its own funds, and they can be written off only with the permission of or by the initiative of a court of law or arbitration.

Through the bank's fault "Tekhnika" did not receive the money needed to pay contractors for their completed work; advances were refunded; ready cash was not available to pay the cooperative's workers who had fulfilled their duties.

According to its signed agreement, a bank is obliged to provide money from a current account upon a cooperative's first request, regardless of the sum involved and the use for which it is intended.

The decision by the USSR Minfin KRU is not binding for the bank. And in this case both government organizations have caused the cooperative considerable losses. The State Board of Arbitration found that the acts of the USSR Minfin KRU and the Sverdlovsk Division of Zhilsotsbank of Moscow were invalid and exceeded their jurisdiction.

## MOTOR VEHICLES, HIGHWAYS

## AZLK Chief Designer Interviewed on Vehicle Production Plans

904H0158A Moscow ARGUMENTY I FAKTY  
in Russian No 11, 17-23 Mar 90 p 6

[Interview with A. Sorokin, chief designer of the Motor Vehicle Plant imeni Leninskiy Komsomol (AZLK) by ARGUMENTY I FAKTY correspondent N. Soldatenkov: "The AZLK Today and Tomorrow: Why Isn't it Profitable for an Automotive Plant to Make Vehicles?"]

[Text]

[Soldatenkov] Aleksandr Yevgenyevich, everyone knows that there has been and continues to be a shortage of automobiles in our country. But often the joy of acquiring a vehicle is overshadowed by disappointment with its design shortcomings. In particular, there have been many complaints about the 2141 model.

[Sorokin] We are familiar with these complaints and beginning in the second half of this year we will start turning out a new model, the 2141-01. All the comments and criticisms from our customers and those in the West will be taken into account in this car: in particular, the service life will be increased from 150,000 to 200,000 kilometers, its weight will be reduced, thereby improving its handling qualities, its fuel economy will be improved, and so forth.

[Soldatenkov] And it will cost 13,500 rubles, as reported in PRAVDA...

[Sorokin] Very possibly, although the question of the price for the new version of the "Moskvich" has not been finally resolved yet. But I will say right away that the plant and the administration are not involved in this. The Goskomtsen [State Committee on Prices], and no one else, sets the prices. But the plant also has a claim against this department, inasmuch as we are now turning out a vehicle which is unprofitable for us ourselves. Judge for yourselves: the production cost of the 2141 model is 4,200 rubles, but the wholesale price set by the Goskomtsen is only 3,500 rubles.

[Soldatenkov] But as the chief designer, what will you have to make car enthusiasts happy in the near future?

[Sorokin] ARGUMENTY I FAKTY has already written about the prospective AZLK models. First of all, there is the "pickup" unitized with a trailer which is being readied for production at the end of this year. Then there is the three-door "sedan" which has a display instead of the traditional instrument panel, and an electronic control system.

Another model is being prepared in collaboration with the Italians—the "universal," which is something between an automobile and a microbus. This vehicle can carry seven persons or small cargoes.

And finally, the so-called "1-ton van," a vehicle with carrying capacity of up to 1 ton which can relieve our overburdened city streets. This will be coproduction with the Bratislava Automotive Plant.

[Soldatenkov] But won't it turn out that your design bureau will design models that are wonderful in theory, but defective output will come off the production line?

[Sorokin] A motor vehicle, you realize, is an indicator of the state of the economy in the country as a whole. It is not only the result of the labor of workers in the automotive industry, but many other sectors as well—light industry, the electrical engineering and petrochemical industries, and so forth. We are not in a position to do everything ourselves.

But since many plants have shifted to cost accounting, it has become simply impossible to work with suppliers today: if you don't want it, don't take it. Or else they refuse to deliver to us entirely.

[Soldatenkov] Incidentally, returning to the prospective models: many readers may ask why we need to spend money on them today when we cannot satisfy the market for the old models?

[Sorokin] You know, the demand for vehicles is so high today that all our plants that have been and are being built will not be able to meet it, even if they "drive out" the old models. And it would be simpler and cheaper for the AZLK to turn out today's "Moskvich," and not put new models into production. But in that case we risk lagging behind our Western competitors, if they can be called that, forever.

[Soldatenkov] But wouldn't it be less expensive to purchase some Western brand of vehicle, as the VAZ [Volga Motor Vehicle Plant] did at one time, than to invent something ourselves?

[Sorokin] It has long been common knowledge that it is economically more expedient to train our own specialists than to purchase licenses. We can also buy them, of course, but this involves some specific parts or components. This does not apply to the vehicle as a whole—it is unjustifiably expensive. After all, any vehicle is modernized from year to year. Antipollution requirements have been increased in Europe and America, for example. And who knows what tomorrow will bring us? Will we be purchasing licenses endlessly?

[Soldatenkov] About the high toxicity of motor vehicles, incidentally. I have heard that this is one of the reasons that the "Moskvich" cannot enter the world market.

[Sorokin] That's right, without a complex injection and ignition system which ensures a small degree of toxicity, we have nothing to do abroad. No one has been studying this problem in our country. For this reason, we will be forced to purchase these systems with foreign currency. Laws limiting the toxic substances in exhaust gases are certain to be adopted in our country as well. But aside

from what has been mentioned, the problem of fuel will emerge as well, and you yourselves know the quality of ours.

[Soldatenkov] Readers are asking what took place between the AZLK and the West German ("Novotek") firm.

[Sorokin] Our plant signed a contract to form a team to take part in the FRG's open "Formula 3" championship, in accordance with which production of the ("Tark-Aleko") racing cars is to begin for the "Formula 3."

These are the reasons which prompted the AZLK to collaborate with the foreigners: we wanted to obtain and test new design and engineering solutions and to check the reliability of new materials under extreme conditions in order to make use of them in the future in series production.

[Soldatenkov] What has interfered with this?

[Sorokin] The task which our plant has undertaken by forming a team to perform in the FRG's open championship has turned out to be quite complicated. After all, nothing like it has been encountered in automotive sports or other types of sports. But it is common knowledge that mistakes are inevitable in a new endeavor. Unfortunately, our plant has not been avoiding them, either. In particular, the financing of the project was not worked out thoroughly and in sufficient detail.

Incidentally, our Western partners have not carried out a number of the commitments they made—they have not provided the financial documents confirming their expenses.

[Soldatenkov] I know that the AZLK's total payments under the contract come to 3.5 million West German marks, but another figure has been mentioned—10 million.

[Sorokin] I think it is advantageous for certain circles to depict not only our work, but the work of other enterprises which are attempting to conduct independent economic activity in the domestic and foreign markets, in such a light. Everything is being done to give people the impression: this is how good it was before, and now that they have been given independence, nothing is happening anywhere. So let's take away the independence and conduct economic operations in the old way!

On the other hand, if a discussion of the AZLK's problems is continued, taking the complicated political situation today and the results of future elections into account, the leadership is actively attempting to relieve the general manager of his position. The situation is also similar to the attempts to remove your chief editor, incidentally.

I want to add that in spite of all the noise surrounding ("Novotek"), the plant's collaboration with this firm is continuing and work is under way.

### Highway Accident Statistics Examined

904H0162A Moscow ARGUMENTY I FAKTY  
in Russian No 10, 10-16 Mar 90 p 8

[Unsigned article]

[Text] *M. Mukhin of Khabarovsk has written and asked: We hear about accidents in motor transport here and there. But does anyone know the total picture of the state of affairs with tragic accidents on the country's roads?*

**The Main State Motor Vehicle Inspection Administration of the USSR Ministry of Internal Affairs, where we asked for an explanation, has reported the following.**

Some 319,557 highway transport accidents were recorded in the country in 1989, in which 58,651 persons perished and 347,402 were injured. In comparison with 1988, the number of highway transport accidents increased by 16.9%, the number of those killed—by 24.3% and the number of injured—by 16.7%.

There never were such figures during the entire time of the development of the process of motorization in the country. The tendency for them to grow is observed in practically all union republics. The state of affairs in ensuring the safety of highway traffic has deteriorated drastically in the Armenian, Belorussian, Moldavian and Ukrainian SSRs and the Russian Federation.

The basic causes for the rise of highway transport accidents are violations of highway traffic regulations by drivers (78.5%) and pedestrians (23.9%) as well as the poor condition of streets and roads (10.9%) and technical defects of transportation equipment (1.8%).

Some 48.3% of the total number of accidents, in which 18,113 persons were killed and 165,919 were injured, were recorded on city streets. The greatest growth of accident rate indicators among the capitals of the union republics is observed in Ashkhabad, Kishinev, Kiev and Riga.

In 1989, drivers of transportation equipment were responsible for 78.5% of all highway transport accidents, which involved the death of 83.7% and the injury of 82.2% of the persons.

Of the total number of highway accidents committed by motor transport drivers, 27.1% was due to national economy transport, 67.9%—to individual transport, 7.3%—undetermined, while 0.6% of the accidents were the fault of the drivers of cooperatives and those engaged in individual labor activity.

Drivers of national economy transport committed 67,950 highway transport accidents last year (+7.6%), in which 17,169 persons were killed (+19.5%) and 76,875 injured (+6.8%).

The safety of passenger hauls is unsatisfactory. In 1988 bus drivers committed 7,448 of the highway accidents (+6.9%); in the process 1,514 people were killed (+20.4%) and 10,770 were injured (+5.8%). Persons without

driving licenses are often permitted to haul passengers (818 highway transport accidents—11% of all accidents caused by bus drivers).

Every fourth accident (23.9%) was caused by pedestrian lack of discipline. During the year 76,503 accidents (+17.3%) were the fault of this category of traffic participant; in the process 79,379 persons were killed and injured (+17.5%). Some 15,395 accidents (+31.7%) were committed by pedestrians because of the violation of traffic regulations when drunk.

The level of children's highway transport injuries remains high. Last year 5,584 children and juveniles up to 16 years of age were killed (+11.4%) and 47,992 injured (+17.4%) on the country's streets and roads.

Of the total number of children and juveniles involved in highway transport accidents, 29.4% were children up to 7 years old, 51.9%—from 7 to 14 and 18.7%—from 14 to 16. Children got into accidents as pedestrians (61.2%) and as passengers (24.0%).

## RAIL SYSTEMS

### Institute Director Interviewed on Rail System Problems

904H0169A Moscow GUDOK in Russian 29 Mar 90  
pp 1-2

[Interview with Valentin Grigoryevich Savelyev, director of the GiprotansTEI [State Railroad Transport Technical-Economic Surveying and Designing Institute] by Ye. Khrakovskiy: "If the Forecast Is Farsighted"]

[Text] We plan the sector's development with our eyes open, not to hastily eliminate the bottlenecks, as it happens with us every now and then, but to forestall their appearance. For this we need a farsighted forecast based on serious calculations and analytical research.

A forecast such as this in transport is very complicated. For a great many of the most diverse factors influence the long-range freight and passenger flows, which in the final analysis determine the volume of work and the capacities needed. Essentially they depend on the development of the entire national economy and all its sectors, on reforms in the social sphere, production cooperation and specialization, the policy of distributing productive forces, and on future foreign economic relations.

Yes, the task has a great many unknowns, but it must be done. Our correspondent speaks with Valentin Grigoryevich Savelyev, director of the State Railroad Transport Technical-Economic Surveying and Designing Institute (GiprotansTEI), about how this is being done and the problems that have to be faced.

[Khrakovskiy] There is a cry all over the country now: the railroad workers are letting us down, they are not providing the cars to shipproducts, and they are not shipping raw material and complete sets of equipment

on time. And how many complaints are passengers making against the railroad workers, especially during the peak summer season? And buying a ticket is a big problem. And many of the trains are being knocked off the schedule. To a certain extent, all this probably is a result of forecasting that is not farsighted by specialists in your institute.

[Savelyev] There are people working with us, not prophets, of course. To err is human, especially when we are referring to long-range forecasting. Although we believe that our institute is staffed with highly skilled specialists. Most of the problems which transport is encountering today are not the result of miscalculation by forecasters.

It is quite possible to be mistaken in determining future freight and passenger flows, in most cases. And there changes all the time in the proposals for development of the railroad system and increasing transport capacities.

Essentially not one five-year plan for developing the sector has been fulfilled completely in the postwar years. So disproportions arise in throughput and capacity. Certain railroads are simply choking from the increasing volume of freight and passenger traffic.

[Khrakovskiy] Where is the worst lack of capacity—on the open lines or at the stations?

[Savelyev] Both places, generally. But the flow of cars is being held up to a greater extent at stations and junctions, nevertheless. About 47 percent of the bottlenecks are there, and 37 percent are on the open lines. Roughly 8 percent of them involve locomotives and power supply facilities. The proportion of double-track and multiple-track lines is extremely low for a country such as ours—36.3 percent.

Look at how a very important ratio turns out: the length of station tracks to the overall length of the system. We have 64 percent, but it is over 75 percent in developed countries. And it should be that way theoretically. Moreover, the technical equipment of our stations lags far behind. Out of 329 classification gravity yards, only 179 are mechanized and just 15 have been automated. The railroads are operating with a shortage of 2,500 arrival-departure and classification tracks. I probably have tired you with the figures, but they clearly reflect the situation in which the railroad workers have to operate.

[Khrakovskiy] What do you see as the way out of this situation?

[Savelyev] It is planned to build 8,700 kilometers of new lines by the year 2000 under the program drafted with the participation of our institute's specialists. Some 15,300 kilometers of additional main tracks are to be laid. On the order of 18,000 kilometers will be electrified, and about 21,000 will be equipped with automatic blocking and dispatch centralization. Nineteen new classification yards will be built, and 130 classification yards and 170 freight yards will be renovated and developed.

No less than 100 gravity yards will be mechanized, and half of them will be automated. I am an optimist, but I far from confident that all this will be included in the plan, and especially put into practice.

We cannot disregard the fact that railroad construction is becoming more expensive. Ecological requirements are more and more stringent. Complaints about our washing and steaming stations, depots, and other facilities which are polluting the environment are increasing. And we have to combat noise more and more vigorously. And all this means money and more money.

And of course, much more will have to be invested in the social area than before. Before they believed that the first thing to be concerned about in laying a new line was the supply lines. Although they did not always do this properly, either. Now we must begin with facilities for people, the establishment of normal living conditions for the construction workers, and later for those operating the system.

Recently we reviewed the technical-economic justification for transportation service at the Yelabuga Automotive Plant. Just for developing mainline railroad transportation 650 million rubles had to be allocated, and some 120 million for the first phase. Hundreds of thousands of people will be working at the automotive giant. But housing is being built at a snail's pace.

The initiative in developing and modernizing transport facilities can only be welcomed. But we must do everything after giving it thought, not in an offhand manner. Only after serious technical-economic justification. Otherwise, eliminating some bottlenecks can give rise to others. On certain railroads, the Alma-Ata and Tselina Railroads in particular, they developed a number of stations and wasted effort and funds, and that produced little.

[Khrakovskiy] Now, when perestroyka is under way in the country, economic relationships, and consequently transport relationships, are rapidly changing. This probably makes the work of your institute's specialists more complicated. Is it more difficult for them to forecast the freight flows?

[Savelyev] The complication is very serious. The transport services and the planned increase in output volume are one thing, but the market with its high uncertainty and flexibility of relationships is another matter. The fact that we were recently able to obtain computer equipment is a hopeful sign. However, problem number one for us now is the vagueness of prospects for the development of national economic relationships.

In addition, the market mechanism requires that transport have a strong reserve of throughput and capacity at its disposal—a minimum of 25 percent. We do not have such a reserve on many railroads. But it is simply necessary to organize the delivery of goods in strictly guaranteed periods of time and so that transport

becomes an integral component of the production complex technology. If the delivery time is not met, pay a fine and compensate for all the financial losses. But with our technological discipline, we would be caught with our pants down, as they say, under the conditions of such cost accounting.

Incidentally, transportation customers are interested in an efficient system of transport service first of all. They should pay for better service. In the shift to a market economy, we cannot count on severe tariffs as we do now. For railroad workers, this is discrimination.

Technological discipline should be supported by economic methods and economic levers, not administratively. Everyone is fed up with the practically useless, discriminatory battles going on now which only distract persons from their work and ruin their nerves.

We have to think more about coordinating technology with the economy and improving the structure of the sector's management. The technology of the national economic complex, not the administrative-territorial division of regions, should determine the arrangement of junctions between railroads. Why are there two railroads, the Donetsk and Dnepr, let us say? They are serving a single national economic complex, after all. A single consolidated railroad would operate much better here.

[Khrakovskiy] You say that the transition to market relationships will make forecasting much more difficult. But isn't there some foreign experience available? Aren't many countries operating their transportation services this way and weren't they developed this way long ago?

[Savelyev] Stable economic relations have gradually been organized where market relationships have existed for many decades. Major enterprises, and they are the ones that basically make up the freight flows, usually collaborate with their partners on a long-term basis. But market relationships are just making their appearance here. Although many transport flows are determined by the arrangement of productive forces, of course.

[Khrakovskiy] And what is the state of affairs with passenger flow forecasting? Is there some method for this?

[Savelyev] What can I tell you? There are methods for long-distance and local flows and suburban flows. But they were all calculated for the period before perestroyka. Who could have predicted such a boom in international services? And the demand for them will undoubtedly increase sharply with the adoption of new laws.

Or who today can say how the volume of domestic passenger service will change when the food problem is resolved and the consumer goods situation is improved? After all, with the low prices for rail transportation, millions of persons are rushing to the capital and certain other large administrative centers for their purchases.

[Khrakovskiy] The unprofitability of our enterprises and even entire railroads is being felt more and more strongly now with the shift to cost accounting and cost recovery. There have been many arguments lately about the Baykal-Amur Mainline in particular. They built the line, and it has turned out to be unprofitable. So they have begun calling it all kinds of things. In my view, only ignorant, irresponsible persons can talk this way. Is there really a new line that is more pioneering and profitable at the same time?

[Savelyev] There is no such thing as a railroad that has just been built which produces a profit right away. We are calculating its cost recovery after it has been in operation for 10 years. Moreover, in building the BAM [Baykal-Amur Mainline] it was planned to carry out two major tasks: establish conditions to develop the vast wealth of the region and to obtain a second line to the Pacific Ocean.

[Khrakovskiy] If my memory serves me correctly, the government's decision to build the BAM stipulated that most of the freight flow would consist of oil from Western Siberia. This freight flow did not materialize for a number of reasons. The wealth of the region is being developed very slowly, unless we take the Berkakit coal into account, which is taken chiefly by the Malyy [Little] BAM and farther on by the Trans-Siberian Mainline, as well as lumber.

[Savelyev] The situation with the BAM turned out to be unusual. There is usually considerable delay in the installation of our transport supply lines. This is the way it was with the railroad for the oil and gas fields of Western Siberia, as an example. The country incurred huge losses because of this.

We have always fought for the construction of railways ahead of time, but when we did this, we began shouting: "Guard, the losses!"

I am convinced that the BAM is extremely necessary even today. It will provide the opportunity to remove 20 million tons of freight from the Trans-Siberian Mainline, which is extraordinarily overburdened. The conditions have been established for normal operation of this most important mainline. Favorable prospects are being opened up for very profitable transcontinental international services and to develop economic relations with China, Japan, Korea, and other countries in this region. The Americans have shown interest in the BAM lately.

The BAM is the shortest route to the Far East. Finally, in combination with the connecting lines, it will provide the opportunity to maneuver freight flows in this region. All the incompetent discussions about the BAM are nothing more than the living tissue of creation being penetrated by the putrid bacillus of emotional extremism.

[Khrakovskiy] Several years ago, specialists at your institute showed me very interesting historical materials on the building of the Caucasian Transshipment Railroad.

It appeared that after disputes for 100 years, the question of building this line was resolved unequivocally. Suddenly materials began appearing in the press, and unfortunately in GUDOK, which for far-fetched and at times ridiculous reasons once again proposed a plan for this line which has been shelved.

[Savelyev] I agree with you. Although certain new ecological requirements obviously have to be taken into account in the plan. I was clearly convinced of the extreme necessity of building this line as quickly as possible last year when I had occasion to take part with a group of specialists in drafting a plan to increase the throughput capacity of lines in the earthquake zone in Armenia. If this line had existed, we would have been able to eliminate many problems. But natural disasters are not uncommon in this region.

A transshipment line is an additional exit to the Transcaucasus. The plan provided for serious development of the Tbilisi hub, which probably has become the main bottleneck here. Considerable gain should be provided by reducing the distance and time to get passengers and freight to the Transcaucasus. This project is also important from an international viewpoint as well. The freight flow to Iran will increase, but it is slowed down all the time. And Turkish representatives have been raising the question of increasing rail traffic lately. All in all, this railroad, which is probably the most complicated in our history, should be built.

[Khrakovskiy] Having very limited resources and funds at our disposal, do we always build those lines which really are desperately needed, as they say?

[Savelyev] Unfortunately, this has not taken place without gross errors. In past five-year plans a number of relatively small lines were built in the Transcaucasus and Central Asia, to mineral waters or something else. This was done under pressure from local organizations which involved petitioners in high positions. We built the lines and diverted the funds, but they have been of meager benefit, and at times of no benefit.

We are convinced that the important thing now is to build relief lines and reinforce the ones in operation. And no matter how trite this sounds, I must stress that the system has to be developed as a whole. How many times did we lay the ties and the rails but failed to develop locomotive and railcar facilities or show concern for the social sphere. As a result, the expenditures are not producing the gain the planners expected.

[Khrakovskiy] The largest rail hub is the one in the capital. It is operating under tremendous pressure. What is being planned to establish normal conditions here and to create the reserves necessary for stable operation?

[Savelyev] I cannot tell you in a short period of time about all the steps being planned; I will dwell on the main one. This is the second year that our specialists

have been working on the technical-economic justification to establish the third and largest circumferential route around the capital.

It will pass through Tikhonova Pustyn, Vyazma, Rzhev, Likhoslavl, Sankovo, Yaroslavl, Vladimir, Ryazan, Uzunovo and Plekhanovo. Additional classification yards will not have to be built here. But a number of small lines will have to be laid out and reinforced. The expenses will be substantial, but they will very likely pay for themselves with interest, in the new century, though.

Construction and modernization of railroads are a slow and expensive process, and we need farsighted forecasting for this reason.

### Chief Interviewed on Freight Car Management Problems

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pp 1-2

[Interview with Igor Ivanovich Khaba, chief of the Railcars Main Administration of the Ministry of Railways, by Ye. Khrakovskiy: "The Freight Car Ordeals"]

[Text] The freight car. What could be simpler, one would think. But there are so many very complicated and specific problems entangled in a tight knot which arise during its operation and maintenance.

Unlike a locomotive, a passenger car, or a track vehicle, a freight car is not registered to some specific transport enterprise. It does not travel over a definition section of track, but the entire railroad system, and even goes onto the sidings of industrial enterprises and into ports. There are no maintenance personnel on it, as a rule. And it is not put in for repair like other equipment. I heard an apt comparison one time: "An inspector who selects the cars for maintenance conducts himself as if he were a fastidious bachelor in a textile town."

In a word, the freight car has no master. Although all the rest of the railroad equipment practically serves to move the cars carrying freight, that is, the cars which are used for transport production.

I was thinking about all of this when I was preparing for a conversation with Igor Ivanovich Khaba, the chief of the Railcars Main Administration of the Ministry of Railways. So here is the first question.

[Khrakovskiy] The opinion was advanced a long time ago that your main administration should be in charge of the freight car. And lease rolling stock to the railroads for an appropriate fee. In the process all railcars would be under the main administration's direct jurisdiction and on its balance sheet, making it a distinctive railcar firm. What can you say in this regard?

[Khaba] Obviously we will come to this sooner or later. I do not rule out the future establishment of a cost accounting main administration or even a firm, as you say. But we must prepare an economic base for this. We

cannot get ahead of ourselves. We have already had the experience of hasty decisions being turned around in the course of the current reform.

It has now become fashionable to speak of a revolution from the top and the bottom. So in organizing the type of railcars in the fleet and their maintenance we believe we have to begin the revolution from the bottom, not the top—from the introduction in stages of cost accounting relationships at enterprises, in divisions, and on lines.

[Khrakovskiy] How do you conceive of this perestroika?

[Khaba] It is already under way. It was inevitable that the economic reforms in the country would be reflected in the work of the railcar fleet as well. For many years the depot collectives had no incentive to repair more rolling stock, especially with the considerable volume of work. These cars are often called "heavies." Average planned production cost was established for the depots, and if a collective undertook to repair broken cars, the expenses would be more than what were planned. The production cost increased, which immediately had a detrimental effect on all of the enterprise's economic activity. For this reason, a depot sought to select the cars which entailed a little less trouble.

We have decided to resolve the conflicts which have existed for many years between the interests of depot collectives and transport as a whole. The Ministry of Railways established in 1988 that any car may be taken in for repair. The enterprise will be reimbursed for all the repair expenses. Let us say the average production cost to repair a car is 300 to 400 rubles, but they received a "heavy" car at the depot and they spent 800 or even 1,000 rubles. The enterprise will be fully compensated for all these expenses.

The problem of the quantitative indicator has been resolved as well. Fulfillment of a plan is determined by taking the labor input ratio into account. If the labor invested is twice the average for the system, the depot is considered to have repaired two cars, not one. All this is aimed at selecting the worst ones, with the greatest damage.

And one more important factor. In the shift to the new methods of economic operation, depots have begun receiving profit. It was counted before only for secondary-auxiliary activity: services on the side, consumer goods output, repair of cars for industrial enterprises, and so forth. Now most of the profit is received from maintaining the cars in the Ministry of Railways fleet. Depots are compensated for their expenses and profit is added. Profit even goes to a PTO [technical maintenance point] for processing cars.

The ministry is telling the managers of lines and divisions that the profit should not be meager or illusory, but tangible, so that an enterprise collective is interested in it. Unfortunately, we have not seen an understanding on certain railroads: they have set such rigid standards there that depots are just barely making ends meet.

## TRANSPORTATION

The line enterprises in our transport, including railcar depots, have been called structural subunits. True, a railroad division may or may not provide them with the rights of a state enterprise. There should not be such ambiguity, in my view. The depot is the base unit for all our railcar operations.

[Khrakovskiy] But the depot collective is paid by the railroad and the divisions, after all. Aren't they interested in more repair for the freight cars which actually do not belong to them and are running throughout the entire system?

[Khaba] That is not the case at present. The financing system has been changed somewhat. Previously, as an example, the Donetsk Railroad complained continually that it had to repair many more cars than the other mainlines. This led to excessive expenditures that were unjustified. And the funds going for repair really were directly related to operating expenses. Now all railroads are taking part in the cars' maintenance without fail. The total of systemwide expenditures for depot repair is divided among them in proportion to their operating fleet. If a railroad repairs less than what is authorized, it is obliged to compensate the one that has undertaken to perform this work.

This system of financing has been in effect since 1988. And while railroads previously dismissed the matter of depot repair, they are now showing interest in increasing the volume of repair.

[Khrakovskiy] The Ministry of Railways attempted to introduce a similar system many years ago. But clearly nothing came of this.

[Khaba] We reviewed that experience as well. It was not put into practice because cost accounting relationships had not been adopted in the country as a whole. Profit should become the only generalized indicator in the 13th Five-Year Plan. And even today all collectives have to learn how to earn it and spend wisely.

For example, A. N. Penkovy, the chief of the Fastov Depot, set up the depot in such a way and organized internal economic accounting in the shops in such a way that the enterprise deducted 2 million rubles for the production development fund over the past year. Under the existing arrangement, 1 million of this has been allocated to build an apartment house. The same goal has been set this year. The collective itself is deciding how to modernize the enterprise.

[Khrakovskiy] It has always been that where there is an intelligent, competent manager with initiative, there is a real boss there, the work is exemplary, and the results are excellent. Why is there reform here?

[Khaba] It gives such persons a free hand, it enables them not to waste effort needlessly to overcome the

obstacles that have been advanced artificially, it unfetters initiative and stimulates it in every way possible, and it compels them to think in economic categories. All this means a great deal.

[Khrakovskiy] But how will economic innovations affect the status of the fleet of railcars?

[Khaba] An inventory of the technical condition of the entire fleet of freight cars in the Ministry of Railways was conducted in October 1989. Only about 200,000 proved to be in bad repair.

[Khrakovskiy] What kind of malfunctions are these? Perhaps simply a brake shoe was worn out?

[Khaba] No. A car which was missing 10 or more siding boards and had gaps in the doors and hatches, and so forth was considered in poor repair. Or, specialized rolling stock did not have certain freight handling devices, let us say. In the previous inventory in 1983, 240,000 cars proved to be in poor repair. But the fleet of cars was replenished during this period, after all.

[Khrakovskiy] Perhaps it was stated that the fleet was replenished with more durable cars, largely all-metal ones?

[Khaba] Undoubtedly. Essentially all our gondolas are all-metal now. There are 15,000 to 16,000 left with wooden boards, and their area of operation is limited. The situation is worse with boxcars. The new ones are being turned out with a metal body, but the overwhelming majority of those still in the fleet are made of wood.

And it is typical that damage was caused to 150,000 of the cars in poor repair by violations of the rules for freight handling and switching operations. It is not the natural deterioration but the rough handling of a car that is the cause of most defects.

[Khrakovskiy] If we look truth in the eye, we cannot escape damage to the cars. The time standards being set for freight handling operations are more and more severe. No one works by hand now. But piecework and the constant call "Do it faster" are forcing machine operators to swingaround. They are running their powerful clamshell cranes and forklifts in such a way that the bodies, even the all-metal ones, are cracked. Will it turn out that the pace of classification will increase and that severe shocks to the cars cannot be avoided as well?

[Khaba] All this is so. But we cannot help but mention the disgraceful practices which affect state property that is in extremely short supply. We should have given depot collectives an incentive to bring defects to light and correct them long ago. Since 1988, the depot's cost accounting fund, not the state, has been fined for damage (five times the amount). At the Yaroslavl junction they have organized a special cost accounting brigade which identifies damaged cars and repairs them. In making the transition to cost accounting, it has been earning much more intensively.



[Khrakovskiy] But how is the problem of the transfer of defective cars from line to line being resolved? This is really the scourge of transport!

[Khaba] An order has been drafted on economic sanctions for transferring cars in bad repair from one technical maintenance point to another. A fivefold penalty is being provided for this.

[Khrakovskiy] There has always been apprehension whether we would stop the traffic by setting up a strong barrier to the transfer of damaged cars.

[Khaba] We have looked closely at what would happen in this case. According to the inventory, about 200,000 cars in poor repair are being operated. Roughly 15,000 cars per day are put in for routine maintenance alone. Plus about 100,000 undergo depot repair and over 10,000 cars are in for major overhaul each month. So it turns out that if we do things properly, all the defective cars can be fixed in a year.

This is our view: if a car has been damaged on a line, this is where it should be repaired. If you have created a problem, fix it yourself. We have thereby created the economic prerequisites to prevent cars from being driven from line to line.

The transition will not be simple, of course. We foresee problems with materials and spare parts. We probably will have to help certain railroads where the repair base is poor at first. This is the way the problem is being handled: if you cannot correct a car's defects yourself, inform the Ministry of Railways and wait for instructions where to send it. And settle accounts with the one that came to your aid later on.

The problem of transferring cars from one line to another is not new. An "Agreement Between Russian Railroads" is lying on my desk here. It is dated 1906. It states clearly who must pay whom for what, and how much. I am confident that we can put things in order today as well if we have a strong desire to introduce strict economic relationships.

[Khrakovskiy] Taking the operating conditions into account, we probably will have to make the cars stronger as well. Shouldn't stricter requirements be made of shippers and modernization be extended?

[Khaba] You are absolutely right. Since 1984 cars have been rated and built in accordance with higher standards of durability. The central beams have been strengthened and the hatch covers and end doors on gondolas have been made more durable. The strength of wheel pairs has been improved and a stronger automatic coupling has been developed. The standards for maintenance periods have been revised (Order No 4Ts). As of 1 April, the first depot repair after a car is built will be in 3 years, not 2 years as before. Cars built in accordance with the higher standards will be put in for depot repair in 2 years before the first major overhaul. But then, the old types will begin to be repaired more frequently.

We have provided for a modernization program to ensure that a car gives better service and undergoes less repair. Including the floors of flatcars and boxcars. We have enlisted our efficiency experts from the railroads, staffers of planning and design organizations, and specialists from plants to resolve this problem. Economic incentives have been provided.

[Khrakovskiy] And when is it being planned to shift rolling stock to roller bearings?

[Khaba] It should have been this year, but the work has been delayed somewhat. Though the pace has been stepped up sharply lately. While 40,000 cars made the shift each year before, there were 77,000 last year. Once again, economic incentives have been working.

[Khrakovskiy] Most of the work to improve the cars' condition is being performed at depots, and many operations are mechanized there. But hard physical labor still prevails at the technical maintenance points. And more and more women have been working here lately. What is being done to change this unsightly situation?

[Khaba] This is our strategy: we must make the guaranteed sections much longer, thereby reducing the number of technical maintenance points. Rolling stock should go from one classification yard to another without a technical inspection. For cars with roller bearings, the length of guaranteed sections is already up to 1,000 kilometers for empty cars and 500 kilometers for loaded ones. But there are not many of these sections yet.

We are trying to change the organization of work at the technical maintenance points. Special tracks are being set aside for uncoupled maintenance at the classification yard. As a result the technique, the nature of the work itself, is being fundamentally changed. A person does not walk alongside the cars for several dozen kilometers during a shift; instead, the car is brought to the person, who has everything at hand—machinery, welding equipment, and spare parts. And less equipment is required, since it is concentrated in one place. And it has become easier to monitor the quality of the work. They have begun repairing cars this way in Osnov and Bryansk.

Combining this technique with an ASU [automated control system] may provide a considerable gain. Picture this. Inspectors discover a car in poor condition in the classification yard's arrival area. Information on the defects found is entered in the ASU. The computer determines which car is to be sent where. To a depot for a great deal of work, to a specialized track of a technical maintenance point for less work, and a worn brake shoe, for example, may be replaced even in the departure park.

[Khrakovskiy] And a final question. The Railcars Main Administration is one of the leaders in cases of defective workmanship, accidents, and wrecks. What is being done to rectify this alarming situation?

[Khaba] We are really extremely concerned about the safety situation. Last year seven wrecks and four accidents were attributable to railcar workers. We are developing a full range of instruments capable of showing up various defects.

You have heard about the instruments which show overheated journal boxes, of course. We now have 3,000 of these instruments. Some 400 were installed last year alone.

The "Disk" system is being developed. It incorporates a number of safety instruments designed to show the journal boxes that are heating up, the wheels that are slipping, the potholes, parts that are being dragged, and overloaded cars. They are being set up in various places, but the data from them will go to one special dispatch center. When a report is received on a defect which may lead to trouble, the dispatcher notifies the nearest station or technical maintenance center about this then and there and transmits a warning by radio to the engineer of the train that is under way.

We have consistently counted on technical progress in the sector and we will not turn off the path that has been set. Economic, technical, and technological changes must also establish the basis for proprietary concern in the railcar fleet and provide for its trouble-free, reliable operation.

### Rail Performance Figures Issued

904H0154B Moscow GUDOK in Russian 4 Mar 90 p 1

[Ministry of Railways Statistics Administration figures: "The Results of 2 Months"]

[Text] The second month in the final year of the 12th Five-Year Plan is now behind us in railroad transport. In February, the total number of cars transferred at junctions between lines increased by 3.4 percent over January, basically through the loaded section. Nearly 8,000 more cars were unloaded. All this made it possible to raise the average daily level of freight handling in the system as a whole by 468,000 tons. An increase such as this has not been seen in this period in the past 2 years.

Not only the overall shipment plan, but an even more intensive freight handling plan, was carried out in February. More than 2 million additional tons of output were transported. Shipments were increased basically because of freight that was planned locally. The range of products in the state order lagged behind by 4.7 million tons, or by 2.4 percent. Out of 42 consignments of the active range of products, 24 of them, or 57 percent, were completed; 23 railroads cope with the freight handling plan.

The sector's improved work in February still did not make it possible to clear the liabilities in freight shipment incurred by railroad workers in January. Since the start of the year, the shipment plan has been underfulfilled by 0.6 percent, or by 3.5 million tons. Fourteen

lines have met the freight handling plan. The Belorussian, Moscow, Southwestern, Lvov, Odessa, Dnepr, and Central Asian Railroads and a number of others are operating stably. At the same time, the October, Azerbaijan, Transcaucasian, Tselina, Kemerovo, and Far Eastern Railroads continue to increase the volume of goods that are not being shipped.

The use of rolling stock has been improved somewhat compared with January. However, this has not proved to be sufficient to meet the targets set for 2 months.

The labor productivity of workers employed in transportation, according to preliminary data, has increased by 2.5 percent over the plan. At the same time, it is 2.9 percent lower than the corresponding period last year. The production cost of transportation has risen 0.5 percent over the planned cost. Some 60 million rubles of profit less were received.

### Railcar Use Detailed

904H0154C Moscow GUDOK in Russian 4 Mar 90 p 2

[Ministry of Railways Transport Main Administration figures: "Where the Car Was Held Up"]

[Text] Freight unloading was increased by an average of 7,900 cars per day in February, compared with January. This and overfulfillment of the statistical workload made it possible to fulfill the monthly freight handling plan by 102.2 percent and the plan for freight shipment by 100.6 percent. At the same time, 7,300 cars with local freight were not being handled every day, which is considerably worse than last year's level. Only eight of the 32 railroads have now provided for unloading in accordance with the turnover assigned.

It is apparent from the table that in the first group of railroads, the best results were achieved by the North Caucasus Railroad, which unloaded 667 cars per day above the turnover; the Dnepr Railroad, which unloaded 664 cars per day; and the South Urals Railroad, which unloaded 162 cars per day. In the second group, there were no winners, but in the third group, the Volga Railroad holds the lead by exceeding the unloading volume with 638 cars per day above the turnover and by reaching the highest percentage, 120.7 percent. The Transbaykal, Moldavian, and East Siberian Railroads have been operating successfully.

The situation was worse in gondola unloading. Compared with last February, it declined by 3,300, adding up to 81,500 units. And once again, only eight lines unloaded them in accordance with the turnover assigned: the Northern, North Caucasus, Dnepr, Donetsk, Volga, East Siberian, Transbaykal, and Baykal-Amur Railroads.

The unloading level at night was 27.6 percent (28.4 percent in February last year), and the level on days off, compared with workdays, declined by 3,400 cars per day. All the same, the number of cars that were not

unloaded through the consignees' fault dropped by 7,000, totaling 20,600 cars per day. There is no question that consignees were stirred to greater action here by the introduction of a fine five times as high for rolling stock layover above the norm.

Railroads continue to have substantial losses because of unsatisfactory removal of freight and containers from

stations—93 percent of the plan, or 77,900 containers. The "leaders" here are the October and Southwestern Railroads and a number other lines.

Here are data on the cars released in February; the railroads are divided into groups according to the average number of cars unloaded daily.

Railroads	Railroad Chiefs	Actual Number of Cars Unloaded	Unloading in Accordance With Turnover for a Local Car, in Percent
8,000 to 13,000 Cars			
North Caucasus	F. M. Kotlyarenko	9,037	108.0
Dnepr	A. A. Alimov	9,648	107.4
South Urals	I. P. Vorobyev	8,300	102.0
Sverdlovsk	V. M. Skvortsov	11,384	100.1
Donetsk	A. M. Kozhushko	12,677	99.4
Moscow	I. L. Peristy	12,670	96.6
Central Asian	N. A. Belogurov	9,467	91.5
October	A. A. Zaytsev	9,975	85.1
5,000 to 8,000 Cars			
Kuybyshev	E. S. Poddavashkin	6,475	99.6
Odessa	M. A. Guryev	5,663	99.5
Southwestern	B. S. Oleynik	5,150	99.5
Gorkiy	L. I. Matyukhin	7,456	98.4
Belorussian	A. G. Andreyev	7,223	97.7
Northern	V. M. Predybaylov	7,012	97.5
Kemerovo	A. G. Tuleyev	6,215	94.2
Tselina	A. V. Starodub	6,063	93.7
Lvov	M. N. Grabskiy	7,274	92.4
West Siberian	A. K. Borodach	5,632	82.7
Baltic	O. A. Moshenko	6,939	82.1
Less than 5,000 Cars			
Volga	Yu. I. Tsittel	3,717	120.7
Transbaykal	A. I. Dovgyallo	2,548	108.6
Moldavian	Yu. M. Gerasimov	2,546	102.5
East Siberian	G. P. Komarov	4,310	101.1
Southeastern	V. A. Shevandin	4,996	99.7
Alma-Ata	N. K. Isingarin	4,642	98.5
Southern	A. A. Puchko	4,868	96.7
Krasnoyarsk	V. P. Babenko	3,742	94.8
West Kazakhstan	Yu. v Panov	1,980	92.0
Baykal-Amur	V. A. Gorbunov	647	90.2
Far Eastern	A. P. Ivanov	5,568	81.1
Transcaucasian	V. B. Blazhiyevskiy	3,266	78.0
Azerbaijan	E. F. Abdullayev	2,123	53.8
For the Network		199,214	96.5

**New Design Railcars Handle Superheavy Loads***904H0154D Moscow GUDOK in Russian 24 Feb 90 p 2*

[Article by A. Chebotayev and Yu. Mostovoy, winners of the USSR Council of Ministers Prize: "For Superheavy Loads"]

[Text] In the past two decades, there has been a trend toward increasing the dimensions and weight of machinery, hardware, equipment, and building structures which must be transported in assembled form. To a significant extent, this is related to the development of scientific and technical progress in all sectors of industry, especially in power engineering, metallurgy, and construction materials.

All this is making new demands on transport, and specialized rolling stock is needed. After all, about 85 percent of this large-sized and heavy freight is carried by the railroads. It would be impossible to accomplish this without the development of a fleet of specialized transporters—with articulated, coupled, shaft, and platform designs.

The work "Complex Scientific Research and Development and Industrial Introduction and Use of Highly Efficient Rail Transporters for Carrying Heavy Loads Which Can Transport Large-Sized National Economic Freight Efficiently," presented by a group of authors in competition for the USSR Council of Ministers Prize for 1990, has made it possible to formulate and realize a number of new suggestions. After all, the fleet of transporters has doubled over the past 20 years, fully meeting the requirements of the national economy for the shipment of such loads. It is also important to note that the specialized designs of transporters are making it possible in a number of cases to reduce the degree of bulkiness of a load, thereby facilitating the railroads' work.

As a result of the combined research by scientific research organizations in industry and transport, 14 new models of the designs of transporters for carrying heavy loads have now been developed and are being operated; they have a carrying capacity of 62 to 500 tons and have from 4 to 32 axles. The annual economic gain from their introduction reaches 30 million rubles. This includes a savings in construction and installation, assembly, and startup and adjustment work, that is, because large-sized equipment is delivered in assembled form. Thus, according to data from enterprises in the electrical engineering industry, the use of a transporter with a carrying capacity of 500 tons will provide a nontransport gain of 800 to 6,000 rubles, over and above the transport gain, per ton of freight.

**Railcar Shortages Hamper Industry***904H0175A Moscow GUDOK in Russian 30 Mar 90 p 1*

[Article by L. Semenyuk, deputy chairman of the railroad administration's people's control group: "An Empty Merry-Go-Round"]

[Text] Sverdlovsk—A chronic shortage of empties and breaks in the export of fuel from coal railroads, on the one hand, and surpluses of gondola cars and their cross-hauls, on the other hand, bring the following to mind: Where are the railcars going for a drive?

In February, nine of the 32 railroads did not ensure the planned shipping of national economic freight. Among them were the coal-laden Donetsk, Tselina, Kemerovo, and the Baykal-Amur Mainline. The Ministry of Railways thinks that this results from the unsatisfactory use of transport assets, especially gondola cars. What accusations have not been addressed to the railroad directors: at the lower management level—a lack of discipline and displays of parochialism. Because of this, they say, the coal-carrying railroads failed to receive 28,000 empty gondola cars based on the empties disposition list.

However, is this the only reason? Approximately 200,000 railcars, which belong to industrial enterprises, including more than 34,000 gondola cars, travel on the railroad network. Their movement is not permitted in the opposite direction, forming an empty stream of similar rolling stock in the Ministry of Railways pool. With transport working under cost accounting and with the lines' carrying capacities practically exhausted, empty runs—not to mention cross-hauls—must be reduced to the minimum. The appropriate monitoring and suppression of violations are required for this. However, it turns out otherwise.

In a telegram dated 27 February, A. Sidenko, a deputy minister, required the chiefs of the Dnepr, Donetsk, Southern, Southeastern, Volga, Kuybyshev, Gorkiy and—in a supplement dated 11 March—the Belorussian Railroad to form trains made up of empty gondola cars and send them to the Sverdlovsk's Tavda station to load lumber to support capital construction work. Of course, one must export lumber freight and the railroad chiefs were given instructions to establish dispatcher control for its safe movement to its destination. However, a line formed in Tavda: The loading area for the lumber material was only designed for two railcars. A 40-car train from the Dnepr Railroad, which arrived on 8 March, took four days for loading. Other consists also stand idle for a long time. At the same time, the Tavdinskiy combine is choked with other timber products and cannot move them because of the railcar shortage.

Why not use the gondola cars standing idle? It is impossible to do so! However, the question is a broader one: Empty gondola cars come from the west in accordance with the empties disposition list and the same type go to meet them from the east. During the first two and a half months of this year alone, 5,775 empty gondola cars arrived at the Sverdlovsk in the opposite direction and not in accordance with the plan. Yes, 44 trains made up of leased gondola cars, which have been specially built for transporting basically construction freight, constantly run from the Gorkiy—not to talk about the surplus of platform trains.

Why the rush job? During the first 18 days of March, the plan for shipping construction material on the railroad was fulfilled by 129.7 percent and for the Sverdlovsk Division—by 162.7. One should be happy with such a surplus of empties; however, it complicates the work of stations and divisions. Every day, more than 30 empty consists hurl themselves at the line stations on the railroad while the loading area is not free. The operating pool is raised, the rotation of a railcar is slowed down, and the Ministry of Railways demands an increase in the handing over of empties after their unloading.

An incomprehensible merry-go-round results. Drive yours past the freight and accept those coming from far away. If the workers in the main transportation administration are not able to solve this task, they should calculate on a computer what this merry-go-round costs.

### Subway Fire Danger Stressed; Ministry Criticized

904H0154A Moscow *RABOCHAYA TRIBUNA*  
in Russian 12 Mar 90 p 4

[Article by Ye. Cherepanov: "Fires in the Metro: This Terrible Danger Must Be Averted Today—Tomorrow May be Too Late"]

[Text] *Moscow has been worked up by rumors that something is wrong in the metro. Supposedly there have been fires—one after the other. And even victims. And quite a few, apparently. An entire train burned up on the October Railroad recently, they say. Supposedly, seemingly, apparently... But rumors rarely arise for no reason. Just what did happen on the October Railroad?*

I. Churkasova, the assistant stationmaster for the "Shabolovskaya" station, saw smoke coming out from under the car of a departing train at 2330 hours. She informed the dispatcher on the line about this there and then. The dispatcher was connected to the engineer. At the "Oktyabrskaya" station they asked all the passengers to leave the cars. This was done without a panic, and there were quite a few people.

They found out right away that the engine was on fire: there was a short circuit because insulation had been broken. Fire extinguishers were put into action. When they managed to put out the fire, they turned off the voltage on the line. I. Shukhov, the train engineer, climbed under the car to pour water on the burning engine. He managed to put the fire out completely before the firemen arrived. And that was all.

But V. Ageyev, chief of the Moscow Metro Safety Department of the UVD [Internal Affairs Administration] State Fire Inspectorate, did not want to end our discussion there.

"Look here," he said as he drew two parallel lines marking the underground corridor. "Let us assume that a train caught fire in a tunnel and stopped, although in accordance with instructions the engineer is responsible for bringing the train to a station by any means. But

anything is possible. The first thing that must be done, of course, is to evacuate the people. The temperature in a car reaches thousands of degrees in 6 or 7 minutes, the windows break and the paneling burns through. In addition, several types of synthetic materials which emit toxic gases when they burn are used in the structure and trim. In 10 to 12 minutes, the car is a black skeleton. But more than 2 hours will be required to rescue the people. This is in the best case. We must also take into account that the electric cables along the tunnel sides will burn through immediately in a severe fire. This means there will not be any emergency lighting, communications will be cut off, and the smoke will not be pumped out. It turns out to be a terrible scene, you will agree. Thank heaven such an event has not taken place."

"Let us assume that we have rescued the people, all the same," Valentin Vasilyevich continues. "But how do we extinguish it? Many tunnels have no fire hydrants. And if there is one, the water meters installed by the municipal services will not provide the amount of water needed. We will have to pull in shafts from the surface. This will require time, but the fire will not wait..."

This history of the establishment of the department which Lieutenant Colonel Ageyev heads can explain the fire situation in the metro to a large extent. Until 1974, the Gospozhnadzor [State Fire Inspectorate] had nothing at all to do with the metro. There were no major catastrophes. If there were small outbreaks of fire, there was a secret instruction: "No information anywhere." This is how the brilliant reputation of the world's best metro was guarded.

The assistant stationmaster's booth at the "Ploshchad Revolyutsii" station caught fire in 1974. Now they are made of metal, but then they were wooden. The temperature in the stone pocket of the station jumped sharply, like in an oven. Fortunately, there were no casualties, although several persons were put in the hospital with burns in their respiratory tract. After this incident the Gospozhnadzor began visiting "the underground" from time to time.

The wooden case for a storage battery located under a car caught fire in 1981. It started smoking at the "Medvedkovo" station. The worried passengers informed the engineers about this, but the latter paid no attention. On the October Railroad, a fire spread into the passenger coach, and there was confusion and panic. They took the people out, but what can be done about the cars?

Someone had the crazy idea of driving a train onto a siding. A little farther than one could see. And the firemen had to walk on the ties for a half kilometer in a tunnel that was pitch dark. Some 29 firefighters were injured. The line was paralyzed. About 2,000 passengers had to be led out through the heat of the smoke-filled station. The fire was unique, and there had been no such firefighting in world practice.

One would think that it was time to look at the problem seriously and take steps. Once again everyone made

judgments and issued orders, but meanwhile, a 10-minute flare consumed a car at the "Medvedkovo" station. There were no casualties. But the fire created considerable damage: it took 5 tons of paint just to restore the station.

It finally became clear to everyone that they could not do without special fire control in the metro. They took one fireman from each rayon in Moscow and in 1983 they established the department in the UVD system for protecting the metro which is headed by V. Ageyev.

But it is not enough that a change was made. What sense does it make when the inspecting organization is subordinate to one that is being inspected? The department's small staff can only fine or send inquiries to various authorities. And by acting against its conscience, the Gospozhdadzor has interfered with the metro and annoyed it.

The worst fire, which cost over 40,000 rubles, raged at the "Paveletskaya" station in 1987. In 1 hour, two cars burned up and traffic was stopped for 5 and + hours. Only then did the metro authorities decide to form a united front with the firemen. A mass of problems had accumulated by this time.

The cars were the main problem. Combustible finishings, unreliable insulation for electrical circuits, and batteries that had worn through. Why don't the same cars burn in Hungary and Czechoslovakia? Because they are operated under the best possible conditions—in other words, they take care of them.

Next are the escalators. What a cushion of dust and lint from clothing is accumulated under them. A small spark and it will blaze like powder. The British, for example, recruit unemployed persons every month to wash the technical facilities and remove the flammable dirt. But here it is just the opposite, and they are cutting back the maintenance personnel—the Belorussian method, introduced as a panacea for all problems, is being forcefully recommended where it is needed and where it is not needed.

The metro employees have been sending out SOS signals to various authorities for several years now. They need help from industry and science. But for the time being they have to repair the defective output of their suppliers—the Ministry of Heavy, Power, and Transport Machine Building and the Ministry of the Electrical Equipment Industry and Instrument Making. It is precisely these departments whose enterprises are turning out the unreliable machines and equipment which are being finished, remodeled, repaired and patched up by the metro workers.

Last year was marked by a long-awaited order from the USSR Council of Ministers for all persons concerned. For 2 years it was tossed like a football from one department to another, and it was made more specific, and supplemented, and coordinated. Its appearance was

hastened by the well-known fire at "Paveletskaya" station. This document states clearly what must be done and who must do it in order to reduce the fire danger underground. However, our ministries would appear to be betraying their bureaucratic principles if they rolled up their sleeves and set about carrying out the government's order. This is not surprising, either; after all, the ministers do not ride on the metro and the condition of the blue cars underground, which are ready to catch fire like matchboxes, does not matter to them.

Standing up for its departmental interests, the Ministry of Heavy, Power, and Transport Machine Building demanded the cars subject to renovation at its disposal. But the Ministry of the Electrical Equipment Industry and Instrument Making, for its part, notified the Ministry of Railways of the allocation of electrical equipment. From the viewpoint of the metro workers, the best possible alternative was the establishment of a common shop based at one of the Moscow depots to reequip the trains: they have driven in the cars, renovated them and put them in service. But efficient work by all supplier enterprises and continuous supply of parts and equipment are essential for this production line. But who will concern themselves with this? As usual, Ivan puts the blame on Peter...

*Yes, not one person has died from a fire in the metro. But should we just wait until the roasted cock crows, as they say? Firemen are sounding the alarm, drawing attention to their problems. It is not too late yet.*

#### **Hazardous Materials Accident, Cleanup Examined** *904H0175B Moscow GUDOK in Russian* 30 Mar 90 p 3

[Unattributed article: "The Accident's Effects Are Being Eliminated"]

[Text] More than five tons of petroleum benzene flowed from a damaged tank car that had been in an accident 40 kilometers from the settlement of Kaduy.

The facts were as follows. Early in the morning of 25 March, the hatch on a gondola car, which was transporting metal ingots, broke on a train that was traveling with a load that exceeded the norm. The cargo wound up on the rails and several railcars and three tank cars flew down the slope.

Traffic was restored by midday; however, it was discovered in the meantime that the damage to the road-bed was not the accident's saddest result. The toxic liquid had gotten into a field flooded with spring waters. The danger of it getting into the Kolp River arose. The water intakes of the Kaduy settlement were also threatened. It was necessary to restrict the supply of water to the housing and to turn the pumps on only after a preliminary analysis of the water reservoirs's contents.

Two repair trains—the Volkhovstroyevskiy and Babayevskiy—arrived at the accident site several hours after it. B. Shulenin, the Volkhovstroyevsk Division's chief engineer, directed the work to dam up the flow of

the toxic liquid. The damming was completed by the end of the day on 28 March. The neutralization of the soil is being carried out.

As they reported to us from the October Railroad's administration, there is now no real danger of the water becoming contaminated. Steps are being taken to prevent this in the event of a spring flood. All three tank cars, including the one from which the petroleum benzene leaked, have been removed from the accident scene. None of the repairmen and local inhabitants has suffered.

### January Explosive Cargo Rail Incident Investigated

904H0160B Moscow GUDOK in Russian  
20 Mar 90 p 2

[Article by V. Ivanov, string correspondent for GUDOK:  
"The Train Was Carrying Mortar Shells"]

[Text] At the end of January at the Urusha station of the Transbaykal Railroad, an accident occurred which could have had very serious consequences.

It was late at night. The settlement was sleeping after the work day, and only at the station was life going on as usual—trains were arriving and departing, the shunting locomotive was puffing, and the cars, rumbling, rolled off the classifying hump....

An electric locomotive approached one of the trains that had been formed. The automatic coupling jingled, and the yardmaster connected the hose of the main brakeline....

"When my electric locomotive was connected with the train," A. Galyapin, engineer of the locomotive depot, recounted at the operations conference held by the chief of the Skovorodino Division, "the inspector and I checked the brake. Everything was in order, we could set off. The exit signal was cleared and I began to take up my position. The electric locomotive started off easily, and picked up speed. But at the exit from the station (just before the last exit switch), the pressure in the main brakeline suddenly dropped rapidly. After stopping the consist, I sent my assistant to see what had happened (my first thought was that the consist had broken off)."

The trouble was of a different nature, however.

"The fourth car from the head of the train has derailed and has listed seriously toward the down track," N. Goncharuk, assistant engineer, reported upon returning. "It is held only by the automatic coupling."

Immediately after that the conductor came up and defined the situation more accurately—the car had a cargo of charges (some sort of ammunition). Later it became clear precisely what: mortar shells for large-caliber mortars, with even the main charges.

After evaluating the seriousness of the situation, Galyapin called the station duty attendant on the radio and warned the engineers of approaching trains of the danger. The assistant engineer ran to guard the train with signal torpedoes. It was later said at the operations conference that the locomotive brigade had acted competently.

Transport workers, car workers, trackmen and power engineers (V. Moshchalkov, chief of the electric power plant) came to the accident site. Emergency lighting was provided at the site of the derailment and falling of the car. Communications workers fed in a telephone link. Everything was ready for action. But the chief of the watch, having taken the car under guard, would not let anyone through to it. Time was passing, the track was closed, and traffic in both directions was suspended.

All the same, the railroad workers had a hard time talking the owners of the hazardous freight into getting down to clear up the accident. The automatic couplings were cut with an oxy-acetylene torch, the car was standing "on its feet," and opened in the presence of a commission and they cautiously began to transfer the cases with the mortar shells. Then followed the categorical order from the military to cease work immediately, for people to evacuate the site of the accident and for barriers to be set up until explosive experts arrived. The order had to be obeyed.

By that time, representatives of the railroad had managed to draw certain conclusions. Their conclusion was later completely corroborated.

L. Kosolapov, deputy chief of the Yerofeyevka car depot:

"Upon inspecting the site of the accident and the running gear of the car, we did not discover any deviations from the technical norms or mechanical damage. The only thing that struck us was the fact that the left side of the car (in the train's direction of travel) at the moment of the accident had experienced a very heavy load (the side bearings were ground to mirror brightness), and the right side had quite negligible damage: the side bearings had even retained their grease...."

V. Yelizarov, deputy chief of the Skovorodino track section:

"I observed no deviations in the technical condition of the track, at any rate on the section from where the car began to derail. The guard rails and the split switch turnout were damaged, and later had to be replaced."

V. Kudrenko, deputy chief of the Car Department:

"We inspected the entire track and roadbed with particular care, looking for foreign objects which might have caused the car to derail, particularly in the place where there was a 1.5 meter trace of the wheel flange on the rails. The inspection yielded nothing. And indeed, where could the foreign objects have come from? The possibility that small bits of metal had fallen off the adjacent

gondola car carrying scrap metal had to be ruled out. As for the car itself, it had come out of plant repair only two weeks ago."

True, there was another version of the reason for the car derailment—displacement of the freight (the cases of mortar shells). We remember, in the account of L. Kosolapov, the fact that the left side of the car was loaded excessively. This could have happened as the result of the shifting of the freight, but the supposition had to be carefully checked.

At the operations conference, N. Drozhzhin, chief of the Freight Department, said the following:

"I found out from the car conductor that he had not accepted the freight at the loading site, and had made certain only of the presence and intactness of the seals. He did not even know precisely what was in the car. The description of the freight—'standard wooden crates'—conveyed nothing. The measurements showed: the distance from the end of the pile with the mortar shells to the end of the car was 840 mm, which did not ensure horizontal stability of the freight en route. A clean, dry wooden floor, no cross bracing.... We drew the conclusion: the freight could have shifted to one side, unchecked. This in turn would disturb the car's stability and lead to its derailment and tipping over. Another silent witness is the mechanical damage to the left wall of the car in its upper section...."

Let us break off this professional talk, however, and return to the site of the accident. While the chiefs of the Transbaykal road were contacting the commanders of the military district to find out if the mortar shells could be loaded into another car, time was passing. The people who had been called to alarm and were forced to languish in idleness were getting nervous. The trains stopped on open stretches and at stations were piling up. In all, 54 freight trains and 4 passenger trains were delayed. The direct material loss was over 10,000 rubles. Traffic in both directions was interrupted for 6 hours and 45 minutes.

Could the accident have been cleaned up more quickly? The participants in the operations conference were unanimous in their answer: it could have!

If it had not been for the confusion caused by the contradictory orders, for the stubbornness of the chief of the guard, and indeed, for the sluggishness of the military. Incidentally, at some point a slight panic even arose: the stacks with the mortar shells had been undercounted by several cases. Upon recounting, they were found, but those present experienced several anxious moments. In addition, the information on the allegedly missing mortar shells somehow penetrated to the pages of NEDEL'YA. In general, they "became famous."

V. Bakanov, chief of the Skovorodino Division made the reasonable comment:

"We were frightened by the explosions at Sverdlovsk and Arzamas, which one cannot recall even now without shuddering. A tragedy at Urusha would have been the last straw.

I am by no means laying it on thick. The situation was really very serious: the car had over 30 tons of mortar shells, charged with fuses. Who sent such hazardous freight by rail and why is it still to be looked into by the military prosecutor.

We returned with the engineer of the electric train from the operations conference and again discussed all the twists of fate of what had happened. Suddenly he stopped and said quietly:

"It seems, you know, that I am a lucky fellow."

### February Rail Safety Performance Reviewed

904H0157A Moscow GUDOK in Russian 16 Mar 90 p 2

[Report by N. Davydov: "Traffic Safety in February"]

[Text] At 1542 hours on 26 February, at switch No 10 of the Myullyupelto station (in the Leningrad-Khiitola section), 10 cars of freight train No 3122 were derailed at a speed of 50 kilometers per hour. The report on this accident which came to the Ministry of Railways stated that one wheel pair of the 35th car from the head of the consist came off 11 kilometers from the station. And just by passing the switch, it pulled another 10 cars after it! Some 250 meters of track were damaged and the cars will have to be repaired. Traffic was interrupted for over 13 hours.

It was revealed in the investigation of this accident that a track-measuring car had gone over this section 8 days before, on 18 February. On the very spot where the wheel pair from the 35th car had dropped off, an impartial automatic recorder had recorded two types of defects: a surface bend, and a sag of 20 millimeters in the track. This combination of shortcomings in track maintenance required that the speed be limited to 60 kilometers per hour. But this is precisely where it had already been limited before. This fact was probably what caused Vetryakov, the team leader in the line's Priozerskaya Subdivision, and Chernyshov, the line foreman, to lose their enthusiasm; they had taken practically no steps.

Later on the ballast thawed out and one more defect, an especially insidious one—a misalignment—appeared (right here!). That is, one rail section turned out to be 17 millimeters higher than the next one. A "bunch" of defects such as this in one place required preventive measures without delay, but since they were not taken once again, there was a reckoning. A reckoning for the careless attitude toward deviations from the norms of track maintenance that were detected and given no attention.



But let us return to the moment when one wheel pair fell off the 35th car nearly 11 kilometers before the Myulyupelto station. Then it dragged off the truck, which jumped over the ties for 10 kilometers. Engineer Achkasov and his assistant Komissarov were driving the train so attentively that they did not notice what had happened for nearly 15 minutes. What is more, the line workers working on the section began sending warnings to the locomotive brigade when they saw the car dancing along the ties, but this was not given any attention, either.

The development of a situation leading to an accident in the Bashkir Division of the Kuybyshev Railroad cannot be explained by anything but railroad workers' neglect of their direct responsibilities, either.

A car with a flaw detector passed over the single-track section between Dema and Sterlitamak as long ago as 14 January. On 2 February, track workers checked the condition of the rails here with the adjustable Poisk-2 and MRD-86 defectoscopes. Later, on 2 consecutive days (the 3d and the 4th), Repairman Third Class Sultanov paced each meter of the section from Nagadak and Tyukun with the same objective, to check the reliability of the track. Although either because of forgetfulness or deliberately, he did not want to take a small hammer with him to knock the rails.

The result of all three checks was unanimous: the defects were not revealed!

But in literally a few hours—at 0705 on 5 February—27 cars of train No 3009 were derailed because of a broken rail. And 23 of them will have to be excluded from the inventory, as they say, because they were put out of commission completely. Traffic was restored only after 17 hours. The physical damage amounts to roughly 176,000 rubles.

An investigation established the basic causes of the accident: a break in the joint because of weakened coupling bolts and a sag in the tip of the rail. This also led to its collapse.

However, one need not be a particularly skilled railroad specialist to foresee an ending such as this. After all, in mid-January the track-measuring device had recorded the disgraceful condition of the track in this same place—1,042 points! It is common knowledge that a rating of over 500 units is considered unsatisfactory, which is a warning for the track workers that they must put the track in order without delay.

Unfortunately, neither the collective of the third district of the Sterlitamak Subdivision nor the chief, P. Savchukov, and his deputy, G. Novikov, raised an alarm. Inspections and checks of the track essentially were turned into a formality, and the defectoscope equipment is not being utilized satisfactorily here. The likelihood of an accident increases many times over in such a situation.

In this connection, how can we forget the similar and very instructive situation that was brought to light in the investigation of the January accident in the Bratsk Division of the East Siberian Railroad, which was mentioned in the previous survey.

The operator of the flaw detector truck in the Korshunikh-Angarskaya Subdivision of the line, V. Matyashov, placed an order three times—on 20 November and 11 and 28 December last year—for a check of the joint between the 30th and 31st units, where a rail broke on 7 January. And he did this strictly in accordance with instructions—with an entry in the special journal, which is called "Observations and Defects Revealed During Operation of the Defectoscope Truck." Though D. Valiyev, the line foreman in the seventh district, did get around to checking this joint once. But instead of removing both cover plates, he confined himself to one, and he did not discover the rail defect. Although it was established that it had developed under the second cover plate a long time ago.

The line foreman was either too lazy or in a hurry—that is on his conscience. But it is this very joint which became the cause of the collapse, as a result of which the last car in one consist was derailed first, and then an oncoming train telescoped into it. As a result, an electric locomotive and 30 cars carrying coal were found between the tracks and on the shoulder. The engineer's assistant was injured.

Half of the 10 wrecks and three accidents which took place in February are on the railroad workers' conscience, as they say. Their indifference toward performance of their duties is costing transport a great deal. And time after time the investigations confirm that there was every opportunity to prevent a rail or joint cover plate from breaking and to correct a sag, misalignment, or some other defect.

One more confirmation of what has been mentioned—the wreck of 10 February on the West Kazakhstan Railroad. Two weeks before this a track-measuring car passed over the single-track section from Derkul to the siding at kilometer 284 (between Uralsk and Ozinki). On a small curve, a fourth-degree surface angle was revealed where the track was given an unsatisfactory rating. One thing was required of the local railroad workers—limit speed to 60 kilometers per hour. But they did not do this.

And a freight train which went into this curve at 75 kilometers per hour was derailed. There were 32 cars on the shoulder, and only two of them could be repaired; 400 meters of track were damaged. It is good that no persons were injured.

What does the last case tell us? It once again confirms how much attention should be given to the shortcomings that are brought to light in each subdivision and each district. If the railroad workers had shown respect for the track-measuring tape, even if they had just followed the instructions that were issued, the problems would not have happened.

This relates to workers on the October and Kuybyshev Railroads first of all. They are each to blame for four wrecks since the beginning of the year (including ones in March). But after all, this is the period when winter is passing, when the earth roadbed and the track superstructure can bring quite a few surprises. For this reason, attention to track condition should be increased considerably.

Compared with January and February last year, the number of cases of defective workmanship in the first 2 months of this year have been reduced by roughly 6 percent. There were less of them in all administrations except the Passenger, Signals and Communications, and Container Transport and Commercial Work [Main Administrations]. However, there has been an increase in dangerous situations such as runaway cars, failure to heed inhibit signals, and breakage of axle journals on wheel pairs.

All the same, the managers of divisions and lines should devote the most attention to the workers, who still have a considerable number of unresolved problems. Mainly the personnel and technical problems, and those dealing with the provision of materials. There is no question that they should demand that they carry out their duties as prescribed, but it is also necessary to help them with everything necessary. Without this, the causes of wrecks and accidents will not be eradicated.

### Cars Derail, Acid Spills

904H0157B Moscow GUDOK in Russian  
16 Mar 90 p 2

[Unattributed report: "Acid Once Again"]

[Text] A freight train was involved in an accident near the Kandalaksha station on the October Railroad at 1115 hours on 14 March; 26 cars were derailed, including tank cars containing sulfuric acid. One of the tank cars had a leak.

Special teams in the Murmansk Division arrived to cope with the accident. The acid which had poured out was a source of particular concern. In order to prevent the dangerous substance from penetrating the soil, it will have to be neutralized.

Traffic was partially resumed in 9 hours. All trains were operating in 24 hours. Investigation of the accident is continuing.

### Accident Followup Cites Poor Rail Maintenance

904H0161A Moscow GUDOK in Russian 21 Mar 90 p 2

[Article by V. Avilov, editor of OKTYABRSKAYA MAGISTRAL [October Mainline]: "The Hostages"]

[Text] Leningrad-Kondopoga—As we have already reported, a wreck and an accident involving freight and passenger trains took place 4 days apart in mid-January

on the Petrozavodsk to Medvezhya Gora section in the railroad's Kondopoga Subdivision.

At 0800 on 12 January, 12 cars from train No 2047 loaded with apatite concentrate were derailed at the 10th stake of kilometer 469 on the single-track section from Nig-Ozero to Myanselga. All of them were bent and removed from service, and the cargo was lost. Some 100 meters of track were damaged. Traffic on the section was stopped completely for 12 hours and 55 minutes.

At 0220 on 16 January, 11 cars of passenger train No 50 bound from Leningrad to Murmansk were derailed on the neighboring single-track section from Kondopoga to Nig-Ozero. Fortunately, there were no casualties among the passengers. The cars received minor damage, but the track was warped for 240 meters. Traffic was completely stopped here for 5 hours.

The investigation showed that the wreck and the accident were the result of poor track maintenance. In the first case, a rail was broken, but the passenger train's cars were derailed because the gauge was widened in a curved section.

Any railroad worker familiar with the conclusion will realize that there is something that is at least strange taking place in the Kondopoga Subdivision.

Last year the railroad had the worst record in the system for traffic safety. There were four freight train wrecks and two accidents involving suburban passenger trains. Cases of defective workmanship rose from 222 in 1988 to 239 in 1989. The record of events at the beginning of 1990 reminds us more of communiques from the front.

The uncertain winter became the real inspector of the railroad workers' work. The Kondopoga Subdivision, headed by V. Dedov, is a classic example. Though Yu. Ivanov, the chief of the Petrozavodsk Division, and his specialists said that if Dedov had not been there, the subdivision would have been developed...

It is hard for me to make a judgment about this. Therefore, let us return to the facts. The subdivision began the winter with 29 kilometers on its main route that were in poor condition; 15 of them were in two sections (Kondopoga to Nig-Ozero and Nig-Ozero to Myanselga). Major repair was planned for next summer here. According to foreman V. Sosnov's records, the track in his district was not of particular concern and did not require any extreme measures. And only after the wreck did it become clear that the reports to the top were a kind of "lullaby" for the authorities. It turned out that twice the load set by the standard had been transported over the ill-fated R-65 rail laid in a major repair in 1973.

Didn't Vasilii Konstantinovich Sosnov really know about this? Or didn't he know there were warps, pronounced sags, and bends in his section? Why were they discovered only when specialists from the division and

the railroad management had arrived at the crash site? What was the cost of the inspections made at kilometer 469 then?

Let us take the record of the inspection where the passenger train's cars were derailed. Beginning on 21 November last year, the ill-fated section was checked 10 times by patrols and three times by a track measurement car. Brigadier A. Krylov went over it seven times, and foreman Sosnov went over it three times. One recorded a sag in a joint of 25 millimeters, and the other recorded 22 millimeters. And no one limited their speed to 25 kilometers per hour when this defect was revealed, as technical directives require, or even mentioned the need to adjust the framework. But after all, the widening of the gauge on a curve was recorded as more acceptable (judging by the documents) when it was followed by a track measuring car headed by V. Dedov on 16 December, a full-scale inspection by V. Anisimov, the subdivision deputy chief, and foreman V. Sosnov on 20 December, and brigade leader A. Krylov on 21 December...

Higher authorities tried to characterize the situation with different words: criminal negligence, sloppiness, irresponsibility, professional incompetence, deception...

A reasonable question arises: how long will such epithets be uttered "after the fact?" Where were the traffic safety inspectors in the Petrozavodsk Division, beginning with track inspector S. Palkin and ending with V. Akulov, deputy chief of the division and chief inspector, looking before? And do they understand in classifying the actions of V. Dedov and his subordinates as collective deception that the preventive work is thoroughly bad today, that its forms and methods must be quickly changed by stressing the prevention of all possible violations?

We cannot escape the answer to another question, either: what are the reasons for deception? During the analysis we left this out of the discussion, despite all the efforts by A. Zaytsev, the chief of the railroad. But in many conversations with railroad workers, practically all of them complained about the imperfect planning of operating expenditures. In short, this is the essence of the matter: operating expenses are planned from what has been achieved. Whereas the "health" of the line depends on many elements: payment for work carried out, the cost of materials, equipment, wages... But there are no criteria for evaluating the work of an employee and an engineer.

They told me that the former brigade leader was a highly skilled employee who could teach the work by his personal example and enjoyed undisputable authority. Now many brigade leaders on the line are graduates of PTU's [vocational and technical schools] or tekhnikums, and far from all of them can perform quality work themselves, much less teach others. In order to raise the salary, they made a brigade leader a foreman. In order to receive maximum earnings and bonuses, some of them conceal the real condition of the tracks...

They can say that by making an analysis from the personal to the general, the author is not taking into account whether Dedov had materials and people. I will cite an excerpt from a statement by N. Novosadov, chief of the track service, in the analysis:

"The subdivision was provided with materials for the track superstructure: ties, switch bars, and switches. But they were not installed..."

I will add that 48 tons of KD [expansion unknown] tie plates were left in the subdivision. If they are installed on every fifth tie, as the specialists maintain, there will be no wrecks and accidents from widening of the track. As far as the personnel are concerned, one can only sympathize with V. Dedov: half the work positions are vacant. Though when the wreck and accident occurred, they found people and equipment right away...

I don't know whether Dedov played a clever trick, but he said that losses from the wreck and the accident total 120,000 rubles. For this sum over 30 track repairmen can be employed at a salary of 300 rubles. But if they are living by the proverb of "The peasant will not cross himself if it does not thunder," it once again proves that the root of the deception is in the imperfect economic relationships. Obviously, they have not begun calling railroad workers hostages of the transportation process without a reason.

#### **Rail Official Highlights Scientific-Technical Innovations**

904H0160A Moscow GUDOK in Russian  
20 Mar 90 pp 1-2

[Interview with S.A. Sudakov, chief of the PKB TsT MPS, by I. Fursova, GUDOK correspondent: "Alms for Progress"]

[Text] It is bitter and shameful to realize that in a century of scientific-technical progress, railroad transport fails to stop shifting from one foot to the other. It is literally gasping for breath without new equipment and the application of advanced technology.

Is there cause for optimism today? Let us glance at the transport designers' kitchen and find out the equipment of tomorrow for the railroad workers. I. Fursova, our correspondent, talks with S.A. Sudakov, chief of the PKB [planning and design bureau] of the TsT of the MPS [Ministry of Railways], on the successes and obstacles on the path of progress.

[Fursova] Sergey Aleksandrovich, tell us how your PKB surprised the engineers and repairmen last year?

[Sudakov] In 1989 we basically completed the development of a trainer-simulator based on a personal computer to train locomotive brigades in efficient driving methods. Several mock-ups are now ready. They were tested on the October Road for ER2 electric trains, and on the Gorkiy and North Caucasus for VL80S freight

locomotives. Contracts have been concluded to supply them to the Bataysk and Yelets depots.

[Fursova] What is their innovative feature?

[Sudakov] The most important is using a computer as the basic element. It can simulate any section of the track. Actual conditions will be entered into the program: the weight of the consist and the number of axles. You can introduce an intriguing element, create an emergency situation, as for example, a fault in the track or an extraneous object on the route.

It is a very promising model, in great demand. The obsolete equipment of the technical offices must be modernized, investing quite a lot of money. With a computer, this requires virtually no expenditures. The process of studying material and assimilating knowledge will be accelerated. The instructor will conduct a dialog with the engineers.

Trainer-simulators can be put to excellent use not only in the depot, but also in railroad technical schools. Representatives of almost all the vocations in the locomotive service can be trained on them.

[Fursova] What profit can a single trainer-simulator bring?

[Sudakov] At an approximate cost of 150,000 rubles, the yearly economic effect must be considered on the basis of the type of consist. For ER2 electric trains—8,450 rubles; for VL80S electric locomotives—282,000. This is just through saving electrical power, though. Economists have not yet calculated the profit for other indicators. As you can see, in the second case the trainer-simulators will pay for themselves in less than a year. This does not mean, however, that they will be supplied only to locomotive depots. We will provide for motorized-car units in no worse fashion.

We also have innovations for our repair workers. A promising development is a device for technical diagnostics of diesel locomotives. It will help to prevent potential breakdown. It includes a microprocessor device supplied in a set with the computer. Last year a test batch of 50 units was issued. They all went to the locomotive depots. The Kharkov and Tashkent transport VUZes bought a few. None of them are dissatisfied so far. In a year the entire batch should bring a profit of about two million rubles.

[Fursova] Sergey Aleksandrovich, what other PKB development would you like to talk about?

[Sudakov] I cannot help but mention the electronic speedometer. We designed it in conjunction with the Penza Elektromekhanika Production Association. The instrument is being tested. We will soon put it into series production. An experimental structure has also been manufactured for automatic deciphering of speedometer tapes. Its main feature is: greater precision in measuring the movement parameters. In addition to a paper tape, it records onto a technical medium. The depot no longer

has to maintain a large deciphering staff. Monitoring the results of a trip becomes more objective. A single-crystal computer, incidentally, deciphers a tape in two minutes and completely eliminates any possibility of error.

[Fursova] What are the PKB plans for tomorrow?

[Sudakov] We have thought about it a great deal. An experimental plant is now being constructed in Cherusti. By 1992 it will go into operation and will produce unique equipment to wash and clean locomotive assemblies and parts.

The main task is comprehensive retooling of the locomotive depots. The first step has already been taken. The Murom Depot has concluded a contract with us to fit out a new TR-2 shop. Our idea will be tested here. Proposals are being made on contracts with the North Caucasus and Central Asian roads.

[Fursova] Is everything really going so smoothly and beautifully?

[Sudakov] Alas, no. There is a shortage of production capacities at quite a number of projects—our chief misfortune. The needs of the locomotive facilities are therefore being only 25-30 percent satisfied.

There is a group of enterprises under the jurisdiction of the Ministry of Railways producing nonstandard equipment for depots. The Locomotive Main Administration is making up a plan for a products list for them. They produce 80 percent of the products for the entire network. On the other hand, the road administrations have a negative attitude toward them at the sites. It is as if they were in the background—unsatisfactory software and technical outfitting and low profitability. We feel that these enterprises have substantial potentials for expanding the output volume, which is in great demand.

An idea exists: form a scientific production association on the basis of these "lost" enterprises: the Gomel and Novokhopersk Machine-Repair plants, the Orenburg and Ivano-Franko road workshops and experimental shops of the locomotive depot at Yasinovataya-Zapadnaya.

[Fursova] Does the Locomotive Main Administration do a good job of financing your PKB?

[Sudakov] You must be joking?! Since the sector's transition to full cost accounting, the PKB has been in a fever, even despite the quite high labor efficiency—about five rubles of output per ruble of input. There is no balance in the economic mechanism. This causes work complications.

Last year we went through three transformations of the cost accounting model. The Ministry of Railways reduced the size of the centralized fund for science and technology, and therefore all the scientific organizations also began to be cut back. We—a subordinate enterprise—are financially dependent on the main administration. This year the PKB received only 1,400,000

rubles. This is literally kopecks compared with the amount of work being done. In 1989 our total yearly work volume was 6.5 million rubles. Of them, the sector assigned us only 38.2 percent—1,700,000. We are seeking the remaining funds ourselves.

The apportionment is a commonplace one: the need for our work is colossal, but the money is not allotted. We are floundering around, forced to cooperate with other ministries.

You remember, Gogol's Captain Kopeykin set off to the capital to solicit the authorities to help him, a hero of the campaign of 1812. There were thousands in the air, but Kopeykin had only ten five-ruble notes and a little small change. Kopeykin dragged himself to the director's waiting room: "I cannot make ends meet." The director answered him: "There has never yet been an example, here in Russia, of a person who has been of benefit to the Fatherland being left without charity. If you wish, however... indulge yourself... you must excuse me now. Go look for funds yourself, try to help yourself..."

And Kopeykin went off to become a bandit.

Of course, it is unlikely that a planning-design bureau would try to shake into its pocket a little of the fund for science and technology of the Ministry of Railways or, if the worst comes to the worst, of the Locomotive Main Administration. A great deal of money has to be spent on uninterrupted development with computers. So in my opinion, it is worth thinking about the analogy.

#### Shortage of Sidings, Freight Handling Facilities Cited

904H0161B Moscow MOSKOVSKAYA PRAVDA  
in Russian 3 Mar 90 p 5

[Article by Aleksey Peshkov, acting chief of the Glavmosdortrans [Roads and Transport Main Administration] of the Moscow Soviet Ispolkom and RSFSR people's deputy candidate: "'The Moscow Soviet Is Speaking, But the Ministries Do Not Hear Us'"]

[Text] The Moscow railroad hub is the largest in the country. There are more than 3,200 clients alone who have contracted with truck combines for the centralized delivery of goods. These are factories and plants, trading and supply bases, and the scientific research and planning institutions of various ministries and departments. It is very complicated to plan and coordinate their transport service efficiently.

The most important problems in the rail hub's work are associated with the substantial lag of transport warehousing services. For many years we have been reminding ministries and departments of the need to renovate the warehouses of the enterprises under their jurisdiction. Decisions have been repeatedly been issued by the Moscow Soviet in this connection. However, things are not moving.

Most of the enterprises do not have convenient sidings to provide for productive operation by large tractor and trailer rigs. The space for cargo handling operations is limited and there are not enough mechanized facilities, and the ones that do exist are not up-to-date. Long layovers also result from the fact that enterprises cannot take the 20-foot containers off railroad flatcars and trucks. According to last year's totals, there were over 200,000 hours of above-norm vehicle layovers during loading and unloading operations in the hub alone. In other words, nearly 100 vehicles were idle every day.

The situation at Moscow freight stations became much worse a year ago, when the flow of goods arriving in the capital in 20-foot containers was increased substantially. The number of "twenties" rose by 25 percent over the past year alone.

In order to ship additional amounts of the usual goods, it is enough to allocate a few more trucks. It is more complicated with cargoes weighing many tons. Specialized rolling stock—container carriers—are needed to ship them, and we do not have enough of them today.

Recently the Moscow Soviet Ispolkom decided on a number of measures to speed up unloading of railcars and the removal of freight from railroad stations. This decision provides for departments' empty trucks to be loaded at the same time, 24-hour operations to be introduced to accept freight and containers, and for food shipments coming to the city to be accepted at warehouses and bases, including vegetable storage areas, which have railroad tracks.

Well, this is what is happening. The freight yards in the Moscow transport hub are also being used by those 400 enterprises which have their own tracks. And this is over 8,000 cars per year. The freight from them has to be stored at the stations, and then taken away to consumers throughout the city. The central commercial-purchasing base for Voyentorg [Directorate of Trade Establishments for Military Personnel], the "Koloss" Association of the Mospishchekombinat [Moscow Food Combine] and the "Mossanelektroprom" Trust are operating by this unproductive method, for example.

Can it really be considered normal when 20-foot containers of dried milk addressed to the "Moloko" Association, nearly all of whose plants have their own rail sidings, are sent to the general-purpose freight stations which are overburdened as it is. The Moscow Soviet Ispolkom has now taken a firm position—all such freight must go in railcars only to the clients' sidings, and not be unloaded at the stations.

The Moscow Gorispolkom has also taken steps to speed up the repair and restoration of specialized semitrailer container carriers. This rolling stock is in very short supply. Every driver seeks to have two or even three semitrailers, since this gives him the chance to work by the "shuttle" method, that is, much more productively.

The implementation of special measures has not inhibited the effect on work results. Today the situation in the Moscow hub has practically been stabilized. The number of railcars and containers that are idle correspond to the procedural norm.

We understand very well that the problem of carrying out the freight in time cannot be resolved by rush jobs. We must develop and institute measures to provide for normal operation of the transport hub in the future, regardless of the fluctuations in cargo flows and other circumstances. Work has been outlined and is already under way to resolve the key problems. The first one is the so-called "division of cargoes into districts." Rail transport now processes the freight at the stations where it arrives. It turns out to be a paradoxical situation—every freight yard and every container area is involved with the delivery of freight to all 3,200 consignees. How can an efficient transportation process be organized under these conditions? It cannot be.

A system for "dividing cargoes into districts" has been developed by the Mosavtotrans NPO [Moscow Motor Transport Scientific Production Association] in which shippers and consignees in the city will be registered at a certain station. In this case, the transportation distance, and consequently, the demand for trucks, will be cut in half. The ecology in the city will be substantially improved.

There is another problem that is no less important. There are over 50 transshipment bases in Moscow which belong to various ministries and departments. Analysis shows that over 80 percent of the freight processed here is not associated with consumption or production in the city. Most of the freight arrives at these bases, it is put together in units and shipped out to different parts of the country. Muscovites do not need this "activity" at all. In addition to the unjustifiable use of motor transport (about 150 trucks), they are taking manpower away in the city—about 10,000 persons and scarce warehouse facilities.

These "sponger" bases include the Moscow Central Haberdashery Association, the "Rostorgodezhda" Wholesale Knitted Goods Association, an enterprise of the "Roskulttorg" trading in goods for cultural purposes, the Central Pharmaceutical Warehouse No 6 of the "Spetsmedsnab" Administration, the pharmaceuticals base of the All-Union "Soyuzfarmatsiya" Association, the republic pharmaceuticals base "Roskhimfarmtorg," and similar organizations which operate in other regions of the country. For example, dozens of railcars with imported radio equipment which came to the Kuntsevskiy base of the Tsentrosoyuz [Central Union of Consumers' Cooperatives] at the end of last year was later sent out of the city and even the republic...

The Moscow Soviet has outlined steps to limit their transport service and establish conditions in which it would be simply economically unprofitable to keep such

bases. It is proposed initially to levy an increased tax on the manpower and areas that are not related to the city's economy.

Now it is necessary to begin establishing mechanized sections to handle the freight and containers at the city's major enterprises. No less than 200 enterprises should have their own loading and unloading facilities for the 20-foot containers (forklifts, overhead cranes, and so forth). This is a matter for the enterprises themselves and their ministries and departments first of all. For its part, the Moscow Soviet has instructed the Mosavtotrans NPO to design and the "Mosgormash" NPO to manufacture and deliver to the city's enterprises the unloading machinery for 20-foot containers. The advantage of such a complex is that it is intended for enterprises with a small freight turnover of three to five containers per day. It is planned to make 100 of these units this year.

At the initiative of the Moscow Soviet and the Mosavtotrans NPO, a prototype of a semitrailer with self-contained freight-handling machinery of the "Multilift" type has already been manufactured for the consignees who have a small, unstable flow of large-capacity containers. The economic gain from operating just one of these freight-handling container carriers will add up to 3,600 rubles.

A bottleneck in the city's infrastructure is the lack of storage areas and enterprises' outdated warehouse facilities. The Moscow Soviet Ispolkom has planned to establish up-to-date general-purpose transport and warehouse complexes on the sidings closest to the city which would help to draw off some of the freight in the event that it arrives in an unforeseen avalanche. All enterprises in the city which want to make use of the services of these complexes in the future can take part in building and operating them. We are "not inventing the bicycle" here—there are similar complexes in Paris, Stockholm, and a number of other large cities in the world.

The railroad workers are making some progress as well. They have not skimped on expenses and the establishment of a modern automated control system for the transport process is now being completed. Though they still cannot transmit precise data on the approach of cargo containers to the Mosavtrotrans. But the Moscow Railroad management has assured us that such information will soon begin coming in 2 days before the freight arrives.

Uninterrupted operation of the railroad hub is a complex overall problem in which most of the enterprises and organizations in the city are taking an active part, in addition to the railroad and motor transport workers. The responsible, energetic efforts of everyone are needed here. The Moscow Soviet is counting on this.

### Experts Discuss Center-South High-Speed Rail Line

904H0168A Moscow GUDOK in Russian 28 Mar 90 p 1

[Report by N. Davydov: "Notes from the Ministry of Railways Collegium on the High-Speed Center-South Line"]

[Text] As already reported in GUDOK, the plan for a high-speed Center-South mainline was discussed at one of the sessions of the USSR Supreme Soviet Transport, Communications and Information Science Commission. And it was approved recently at a session of the Ministry of Railways Collegium.

"The eyes are intimidated, the brain thinks, but the hands do it," said those who had occasion to take part in planning the BAM [Baykal-Amur Mainline] two decades ago. And this same thought was expressed in a recent meeting of the Ministry of Railways Collegium, where the scientific plan for the Center-South High-Speed Mainline (VSM) was discussed. The general designer of the project and deputy director of the VNIIZhT [All-Union Scientific Research Institute of Rail Transport], Ye. Sotnikov, gave a detailed description of the advantages of such lines compared with other transportation systems, including motor vehicle and even air transportation. The ecology, the safety, and the economic efficiency are much more preferable here, he says. The estimates for alternative versions are probably rough ones and have not created any serious objections, for major capital investments are unavoidable to develop the throughput capacities for the region from the Center to the Crimea to the Caucasus. Factors such as the up-to-date nature, the technical readiness, and the financial aspect have caused confusion. It is no coincidence that the principal disputes have developed around these three problems.

If it is taken into account that passenger turnover has doubled over the past two decades and that by the year 2005 it is expected to increase in long-distance service by at least 30 percent, we must take urgent steps now. What kind of steps? Motor vehicle transport, and especially air transport, will require more and more scarce fuel, the supplies of which are not unlimited. And the harmful substances discharged into the atmosphere are not comparable with rail transport. Hence the conclusion that the principal burden will lie with the steel mainlines.

We can develop throughput capacities in the traditional way by laying second and third tracks, of course. But we have to increase the fleet of locomotives and especially railcars at the same time. The speed of traffic, the quality of service, and the level of safety will not be improved appreciably. All this can be achieved with not much more expense by building a specialized high-speed passenger line.

"There will be many digging the grave for this project today and tomorrow," noted V. Nalivayko, deputy minister of heavy, [power, and transport] machine building.

"Important persons are usually the undoing of important work, as a rule. But I believe that we must not let time slip by. Although I understand the basic problems very well. We have no experience or base for developing the needed rolling stock, especially the locomotives. We can and must depend on the defense industry, of course, though commerce should not be disregarded, either. It is quite practical, for example, to establish some kind of joint stock company based on the October Railroad, let us assume, to build the section between Leningrad and Moscow..."

By the way, specific, rational proposals came most of all not from railroad workers, but from specialists of the State Committee for Science and Technology, the USSR Gosplan, the Ministry of the Aviation Industry, and others invited to the collegium meeting. And if faint notes of pessimism were heard occasionally, they were not related at all to the project's practicality. Those assembled were concerned about the ways and means of resolving specific design problems, conducting a high-quality examination of the engineering by experts, and establishing a base for prototypes of the new equipment as quickly as possible.

The statement by A. Gurtovoy, manager of the scientific research complex of the "Skorost" Machine Building Plant in Moscow, was memorable. Speaking of possible means of financing construction of the high-speed mainline, he referred to this example. In working on one of the latest models of a Yak [aircraft], an association was established which included a design bureau, a number of plants, and the Ministry of Civil Aviation. They will have incomes in proportion to their contributions. For this reason, the principal task, in his words, is to find the banks which will support the forthcoming construction. The MMZ [Moscow Machine Building Plant] "Skorost" is prepared to undertake the development of competitive rolling stock which meets the modern requirements for aerodynamics, ergonomics, and acoustical protection of the train's cars.

I caught myself thinking several times on this day how remote this discussion was from the realities of our railroad transport today. Considering that there is something to compare it with. In Japan, I saw with my own eyes the "flight" of express trains on one of the sections of the line between Tokyo and Osaka. I have ridden on the ER200 between Moscow and Leningrad more than once. And I imagined the feelings of our fellow citizens changing to the VSM trains from some interblast passenger or mail and baggage train. I even thought that if one of these fellow citizens were here in the collegium, they would probably shout—what are you poor dreamers talking about! So is everything unreal, a fantasy?

Specialists from the Lengiprottrans [Leningrad State Planning and Surveying Institute] contended that construction of the Moscow-Leningrad section of the high-speed mainline would cost practically the same amount as it would to lay a third track here on the main route, laying second tracks through Sonkovo for freight traffic



at the same time. And such an alternative is inevitable, since the reserves for throughput capacities have been completely exhausted here.

No matter who the speaker, he recognizes that patching the holes in the old caftan, which rail transport represents now, is much easier than undertaking this project. But if we are hopelessly lagging behind now, where will we be tomorrow with such a policy?

And the mood of A. Sobolev, the representative of the USSR Gosplan, was quite unexpected:

"We have already approved the initial overall concept of the project. I think it is time to define the stages in developing the new technical facilities which are to appear on this mainline. We should have this program without fail as soon as possible."

He was also supported by V. Birykov, the deputy chairman of the Gosplan, who has studied it for a long time. Dwelling on the same three problems which were debated from the beginning, he suggested a more efficient program of actions, it was revealed later. We have all the calculations needed to demonstrate the project's feasibility right now. In order to speed up the beginning of operations, an engineering plan must be made for the Leningrad-Moscow section. There will therefore be considerably less funds required initially: not 18 billion, but 2.5 to 3 billion rubles. He proposed that the start of construction be planned for the 13th Five-Year Plan.

"It is absolutely impossible, obviously useless, and extremely unprofitable to build railroads in Russia," wrote the journal OBSHCHEPOLEZNYYE SVE-DENIYA in 1835, when rumors of the Gerstner project leaked into the press.

All the same, what attracts the supporters of the high-speed mainline project? Probably the hope of breaking out of the technical underdevelopment of today's transportation. There will not be another chance to speed up the Russian railway in the near future. Any hopes of modernizing with modest infusions from the annual budgets are doomed to failure. Only a high-priority program makes it possible to make use of high-priority technical solutions which are capable of raising the average level of industry which works with transportation and improving passenger service.

#### Transportation Specialists Study Rail 'Superexpress'

904H0152A Moscow GUDOK in Russian 3 Mar 90 p 2

[Discussion at session of Transportation, Communications and Information Science Commission of the USSR Supreme Soviet by I. Kharlanovich, chief of the Scientific-Technical Main Administration of the Ministry of Railways; A. Lisitsyn, director of the VNIIZhT [All-Union Railroad Transport Scientific Research Institute; S. Zhabrov, deputy general project designer of the VNIIZhT; E. Pozamantir, head of the Network Development

Sector of the IKTP [Complex Transport Problems Institute] attached to the USSR Gosplan; R. Rudkovskiy, deputy chief of the Consolidated Transport and Communications Department of the USSR Gosplan; O. Miroshnichenko, lead scientific associate of the VNIIZhT; A. Golubev, head of the Priority Directions Department of the GKNT [State Committee for Science and Technology]; and V. Tetenov, chairman of the Transportation, Communications and Information Science Commission of the USSR Supreme Soviet, as reported by V. Sluzhakov: "The Superexpress in Dreams and Reality"; questioners, presumably deputies, are not identified]

[text] Approximately 35 billion rubles must be allocated to the Ministry of Railways for the 13th Five-Year Plan, in the opinion of the Transportation, Communications and Information Science Commission of the USSR Supreme Soviet. How is this money to be distributed? Should about 20 billion be used to build a mainline for superexpresses or should this prestigious project of the century be postponed and the funds be directed into more vital and urgent matters? This was the topic of the discussion at one of the Supreme Soviet commission's sessions. Representatives of the Committee for Science and Technology, the Complex Transport Problems Institute attached to the USSR Gosplan, the VNIIZhT, the Ministry of Railways, and a number of planning institutes took part in the session. They also responded to questions from the deputies.

#### We Will Be Impeding Progress

[Kharlanovich] They have been working very diligently in Japan, France, Italy, and the FRG for 20 years now on the development of specialized mainlines which can accommodate maximum speeds of up to 400 kilometers per hour. By the year 2000 the total length of such lines will be 3,200 kilometers in Japan, 2,015 kilometers in France, and 1,140 in Italy. A unified high-speed network for European countries is being developed under the aegis of the EEC. But it will not be able to have a continuation—everything rests on the USSR. They are restructuring more rapidly in the socialist countries, I think. But we will be impeding progress on the world's railroads.

Although there already have been proposals from Japan to establish a high-speed express between Tokyo and the European countries.

What position have we found ourselves in? These problems were worked out quite thoroughly as long ago as the 1970's. It was planned to start two trains that would travel at 200 kilometers per hour on the Moscow-Leningrad line. However, the work was curtailed. The "Russkaya Troyka" with cars from the Kalinin plant did not undergo testing. The ER200 electric train began regular service only in 1984. Because only one of them was built and more than 15 years ago, it runs once a week. It spends all the rest of the time being repaired.



Work on the high-speed mainline from Moscow to the South was discontinued at the same time, although the results had been approved by the GKNT and the Gosplan.

In 1984 we once again resumed this research, which acquired the status of a state scientific and technical program by a special government decree in 1988. Its objective is to develop a fundamentally new means of transportation with a high level of safety, comfort, and ecological protection, including construction of a Center-South Mainline for speeds up to 300 kilometers per hour.

Altogether 5,682,000 rubles have been used up in 3 years. In connection with the conversion, enterprises which had been involved with space work gave their consent to collaborate. They are assuming the commitment to develop a new train. They are asking for 20 million rubles this year for a start. We have only 14 million at our disposal at present.

All the financing is being conducted with funds from the GKNT and the Ministry of Railways.

We are doing everything to ensure that work on the high-speed line (VSD) is carried out. But we will not set ourselves the task of engaging in construction during this critical period.

#### **We May Fall Behind Again**

[Lisitsyn] I would like to stress that we have not given way to Japan in the development and practical implementation of the entire complex of technical facilities since the early 1960's. They began with specialized lines, and we solved the same problem under more complicated conditions in mixed traffic. Soviet specialists have coped with it. And if there had not been a number of subjective and objective reasons, high-speed traffic on the Moscow-Leningrad line would be firmly established today. I am convinced that we would have attained speeds up to 200 kilometers per hour on other routes as well and that we would have gone farther.

I will add that our specialists have been ahead of foreign specialists in many technical solutions. A domestic electric locomotive, for example, was taken as the basis for speeds up to 300 kilometers per hour in France. Unfortunately, we did not make use of the potential and the opportunity.

Now we must make up for lost time. Yes, we have to assess the problems seven times before we say "all right" in crisis situations: whether this line will exist or not. But I am unconvinced that positive results with the VSD will improve social conditions for the Soviet people. I will try to demonstrate this briefly. We are lagging far behind the developed countries in passenger mobility, although outwardly it appears that we travel a great deal. Here are the figures: 5.1 passenger-kilometers per resident here,

10.1 passenger-kilometers in Western Europe, and 16 to 17 passenger-kilometers in the United States and Canada.

The public's dissatisfaction with transportation service is sustained by the lack of capacities to accommodate them. But the shortage of railroad cars has an even greater effect. This also determines the level of service. About 8 billion in capital investments are required to develop this southern route, which has long been overloaded. But in order to handle the projected passenger flow, we need twice as much rolling stock as on the high-speed line.

Further. We were not taking into account the value of 1 hour of free time for our citizens before. According to estimates of the Economics Institute, it amounts to 1.6 rubles. Foreign indicators are substantially higher. So the argument about the use of time is one of the important ones.

Energy inputs are 10 times less per passenger-kilometer compared with aircraft or motor transport. This is also fundamental. The high-speed line is not called ecologically clean without reason. The discharges per passenger-kilometer are measured at 12 grams for motor transport, 386 for aircraft, and 0.6 grams for the VSD (taking into account the discharges from power plants to generate energy).

All these factors demonstrate that the VSD has a considerable number of advantages over other means of transportation.

Unlike the Japanese system, the high-speed trains will be able to utilize the normal routes as well. The European experience has shown the high efficiency of this multiple-function arrangement.

Most of the analysis has been conducted on the Moscow-South route. One of the main problems in the selection is whether to build on a dirt roadbed or to erect special trestles. There are different opinions here. But I think that the first alternative is more acceptable for our conditions. It is more apparent here. A question of no less importance is the quality of the rails, which are considerably inferior to requirements.

In the experience from the 1960's we see that the VSD is a most powerful catalyst for technical progress. Our research developments for the Moscow-Leningrad route were put into series production and have been in use on normal sections for 20 years now. Based on foreign experience, we selected the arrangement of an electric train with locomotives at the ends of a consist. The question arises: who will be manufacturing the rolling stock with a new level of quality and a high level of automation? This cannot be answered clearly at present, although aviation industry and general machine building firms are demonstrating considerable interest. Our locomotive building plants are not capable of performing such a task.

It is estimated that it will cost 11 billion rubles to build the Moscow-South line and 2 billion to build the Moscow-Leningrad line. The total capital investments will vary between 15 and 18 billion, depending on the type of rolling stock. The en route time is planned at 2.5 hours from Moscow to Leningrad and a little over 3 hours to Kharkov. The annual savings in passengers' time will be over 400 million hours.

And finally. Which funds will be used to build it? State capital investments, primarily, of course. We must also make use of every opportunity to develop joint firms and to issue shares of stock. But the main objective— attracting funds in convertible currency—has not been resolved conclusively. And if technical funds are frozen, we will have nothing in 30 years.

[Question] Do we have to concern ourselves with this if the rolling stock is manufactured in other countries?

[Lisitsyn] I do not think we will have to purchase them; our specific conditions and our experience and capabilities are quite adequate for us to build them ourselves.

[Question] We cannot have a normal railroad passenger car today, we are short 4,000 units, and we still need to build new capacities.

[Lisitsyn] In order to turn out the needed number of regular cars, one or two plants are required. In addition, we have created a repair industry which no one needs. We try to patch and patch all the time. We probably have enough. And we should turn out new production at those same Ministry of Railways repair plants. But if we keep saying that it is impossible, there is no way out.

[Question] In short, there is no program today for building high-speed lines. The planning is only an integral part.

[Lisitsyn] There is no program because the financing has not been resolved.

[Question] We must explain to the people where and how we will acquire the funds for this vast construction project. They should be able to see specifically that what has been planned will be carried out, in 3 years, let us say. This is not the case.

[Lisitsyn] Everything turns out to be inexpensive here. The cost of the Paris-Lyon route was 8.4 billion rubles, but the Moscow-Leningrad line is 2 billion.

[Question] Why are you giving preference to a southern route when the ecological problems on the coast of the Black Sea are being discussed now?

[Lisitsyn] The VSD is most efficient in directions with a stable passenger flow.

#### **It Must Be Resolved at Some Point**

[Zhabrov] Achieving a minute of acceleration for a passenger train through modernization and reconstruction without reinforcing the traffic capacity and without

redesigning the curves costs a half million rubles. As a result we obtain an increase in speed of 15 to 18 percent, that is, millions in expenditures will not be justified.

But if we make a little more effort and add a little more, we can build a modern high-speed line adjacent to the existing line for nearly the same amount of money. And we have to take into account the billions that were not spent. Maintenance of the track is also an important factor. If we want to increase traffic speed on common tracks—this is an illusion. Only one method has been devised in the world: a switch to specialized track, without permitting any freight trains there. Only then can the speeds be really increased and the track maintained easily.

But there is no money. So give it to us, they say, and we will invest what there is in increasing the speeds of passenger trains. But we have reached the limit. On many of our lines, no matter how much we would have invested there, the number of speed limits will increase anyway. We will not give the passenger anything, either. And he will be cursing us because we force him to languish at the ticket counter. The only way, the one being taken by the whole world, is the high-speed line.

It must be resolved at some point. It is difficult and hard. But this is a commercial enterprise. Let us follow the nontraditional route of forcing funds out of the budget and establish a concession, a consortium, and invite world capital to take part in the developments. This line will attract the same foreign tourists.

We have specific suggestions.

Just as the Moscow-St. Petersburg line became the start for Russia's railroads, so the VSD will become the center for crystalizing all the high-speed lines. If your constituents travel on this line, I guarantee you that they will come to the Ministry of Railways with posters reading: build lines like these everywhere. But we do not want some prestigious project of the century. We want the Soviet citizen to live like a civilized person. He deserves a line such as this.

The rolling stock is the most difficult problem. I had occasion to visit the "Chalomeya" firm, where they build the "Salyut" spacecraft. And the "Alstom" firm is a hardware store compared with this enterprise. I have always been concerned about just where the money goes. We overfulfill everything and we raise crops everywhere, but we have nothing. Everything that has been accumulated there will yield a return.

We also have to make frying pans within the framework of the conversion, of course. But the aerospace enterprises have precisely the potential for such supertrains. This is what I am saying: there are no insoluble problems, no hopeless situations. Let us look for this solution together.

[Question] Fine, but the foreigners should speak more objectively about these matters.

[Zhabrov] French specialists have provided expert advice on our project without charge. They have given it a positive assessment. The Japanese made a serious error when they built a closed system with a narrower gauge than normal lines. They now come into the city on special trestles at a ridiculous height—30 meters.

We could also devise the establishment of an autonomous company which would exist on a competitive basis with the Ministry of Railways system that exists now.

#### **If the Ministry of Railways Can Prove the Opposite**

[Pozamantir] I assure you that only a small section of the public will be transported by the high-speed line: 10 to 20 percent. So construction of this mainline alone should be viewed in the overall context of passenger service. But what does the public need first of all? According to our research, in order of importance: the opportunity to depart at any time needed, the comfort asked for, and only then the speed. It is far from being paramount in today's values.

Unfortunately, by frequently using different figures for maximum speeds, our colleagues have been glibly referring to the average technical speed of all trains as 45 kilometers per hour. The VSD has an indirect relationship to this, or rather a negative one. We cannot discuss this in any other way but within the framework of limited funds. There will be 25 or 35 billion for the 13th Five-Year Plan; in any event, the diversion of 15 or 18 billion for the VSD will inevitably lead to deterioration of the system. If the Ministry of Railways is able to prove the opposite, we will be pleased to listen.

But how could the problem be resolved? The figures being cited here—250, and even 160 and 140—these are the maximum design speeds. Excuse me, but they stagger the imagination of the nonspecialist, to put it mildly, and it is incorrect to use them. These speeds are reached on 2 percent or at the most, 5 percent of the track. And there is a great deal of noise because of this! Increasing speeds to the maximum permissible point is not an efficient method. And it also requires 500,000 [rubles] for a minute of acceleration.

A different concept was made public as long as 30 years ago: sharply increasing minimum speeds. The expenditures were less at the same time. The figures were checked and rechecked a long time ago. So there is an alternative. By spending no more than 50,000 to 100,000 rubles per kilometer, that is, a maximum of 5 billion for the entire network, and not 15 billion for 10 percent of the passengers, we can raise the minimum speeds to a level of no less than 100 to 110 kilometers per hour instead of 45. This is with the existing rolling stock. The esteemed speakers did not even mention this. Although they are well aware of the situation.

Does this mean that we simply are opposed to the VSD? Not at all. This is the future of transport. But we

maintain that our concept makes it possible to link necessity with practicality with the greatest gain per unit of resources.

The statement that the system is not capable of letting trains pass through stems from the practice that has taken shape today, to a large extent. This is where there is more widespread disagreement than in the problem under discussion. This does not involve the lack of new buildings or second tracks at all. Some 8 to 12 percent of the freight turnover occurs where it is now being planned to lay them. The double-tracked electrified lines which carry 40 percent of all the freight turnover and more than half of all the passenger turnover are very important today! All the technical facilities have lost their standard reliability here. And unfortunately, in the initial version of a program for modernizing the railroads, the Ministry of Railways did not put this problem in first place as an independent one. It must be resolved first of all. Then we increase passenger train speeds at the same time that we increase capacities.

It follows from what I have said that this is not a rejection of the VSD concept at all. By conducting all the necessary research and studies, and so forth, we should set up a precise calendar schedule for the VSD's realization with respect to the time, amount of investments, and the nature of the work performed. This is my opinion: thinking it over, we should provide 100 million for the period up to the year 2000. We should not provide a billion in any wrapping whatsoever.

[Question] How do you propose to increase passenger speeds when there is parallel traffic with freight trains?

[Pozamantir] On most of the lines, except for 10,000 kilometers—primarily on the Kuybyshev route—there are sufficient capacity reserves.

[Question] If a high-speed line were built in this direction, would the route be overloaded?

[Pozamantir] Of course, but we would not have to spend 15 billion, but 50 to 80 [million], and in addition, it seems to me, it is not very urgent.

[Question] So you are opposed to the VSD?

[Pozamantir] I am in favor of conducting all the necessary research until the year 2000. I think that the place for the VSD should be modest and put off for a longer period, taking into account the limited nature of the resources. We must begin construction after the next century begins.

[Question] But what will happen then, will our economy be better?

[Pozamantir] Yes, I hope so, with your help.

[Question] If the managers of a number of joint stock companies came to you tomorrow and said: "We will

build it free of charge, operate it for 6 years, and turn the mainline over without charge," would you agree to conditions such as these?

[Pozamantir] Such research is the business of the Institute of Market Conditions. As a professional in these matters, I think our country should agree. I do not think any firm will offer these conditions.

[Question] Then let us reduce the allocations for space, since a person must travel normally. But if we had not invested money in astronautics, we would not have space science today. So bold men were found at one time, they gave impetus to astronautics, and we take pride in it today before the whole world. And foreigners visit us and seek to emulate us.

[Pozamantir] Well, dear deputies, this is just a question of the division of power and responsibility. It is for you to decide what the Soviet people need more: so-called prestige in space, for which we have paid with a breakdown in medicine and the entire social infrastructure, or a truly normal life for people and the development of promising directions as they are possible. I believe that I speak as a citizen about both space and the ballet, and money must be set aside for a diversion. The question is how much, when, and in which sequence.

#### It Is Bitter and Disappointing, But...

[Rudkovskiy] It is clear to everyone that this is a major social and scientific-technical problem. In order to resolve it, a painstaking calculation is needed which states what is realistic, important, economically feasible, and justifiable. And everything in comparison with other means of transportation. I can say with certainty that we do not have this. But there are details that have been worked out separately quite carefully. Mainly the technical plan. Please do not find fault here, but roughly speaking, we know the kind of fence we have to build along this line. Many questions dealing with systems have been omitted. Those who promise a great deal are overlooking power engineering and the ecology. But the discussion has just begun. We are only taking advantage of foreign parallels and referring to the ER200—that was the day before yesterday. For some reason, our comrades are not mentioning that the dynamic loads, mass distribution, and reliability there are very low. So the program has not come out of the stage when land could have been set aside and stakes put in along the route, as certain persons already want to picture it.

I understand our esteemed deputies. It is bitter and disappointing for them to hear that the whole world is already traveling in such trains, but we are only dreaming about them. But everything is interdependent. Everyone has noted that even the television camera used here today is Japanese, not Soviet. It is obvious that the condition of our technology is such that we still cannot have enough reliable and economical facilities to build a high-speed line. In order to develop them, 5 years will be required at best. And if the conversion is involved here, as well as the maximum efforts of machine builders,

electronics workers, the Gosplan, and the GKNT. This is in the best case. But an average of 10 years, possibly even 15 years, will go into this.

For this reason, we need not divert the budget's attention to this problem. We need to at least create civilized conditions for passengers. And then develop the VSD later on.

As far back as the 1970's, when I was working in the Ministry of Railways, we made calculations and were convinced that we could get from Moscow to Simferopol in 10 to 12 hours at a speed of 130 to 140 kilometers per hour. And all this was done in experimental trains. This argument supports the contention that we may be able to manage "with a little blood," rather than spend such vast sums.

We calculated that on the section from Moscow to Brest, where the capacity is oriented mainly toward passenger trains, we can reach a speed of 180 kilometers per hour. It can become an integral part of the international route. Has anything been done there? Very little. Unfortunately, it takes us 12 hours to get to Brest and all the time we blame the rearrangement of wheel pairs.

They have asked a very good question here: what about the tracks? After all, it is no secret that they are wider here only because this was done at one time for strategic considerations. And while we are now speaking about a common European home and standardizing the railways, who will call us sensible persons if we build the VSD on our wide-gauge tracks? And everything which we achieve after investing billions will be lost at the border crossing. But after all, this means the overall dimensions and everything else. Has anyone counted on this alternative?

How can we adopt such major decisions which entail 20 billion and say that we have resolved everything? I simply do not understand such an approach.

#### The Alternatives Are Roughly Equal

[Miroshnichenko] It is difficult to agree with the statement that there are no economic calculations. They have been made. At a number of institutes in accordance with Gosplan methods. Even today we need to lay the third and fourth tracks or reinforce parallel routes between Moscow and Leningrad. This amounts to roughly 0.8 billion rubles, and 6.3 billion from Moscow to the South, that is, we should invest 7.1 billion rubles for existing development up to the year 2020.

And the second part—the development of the VSD. It is capital-intensive, of course. There have been many alternatives here, too. While about 9 billion will be required to strengthen the supersaturated routes, taking rolling stock into account, 13 billion will be required here for construction alone, plus 2 to 5 billion for the rolling stock. Yes, we do not know who will build and how much this will cost. But we have already paid a rather high

price. And it turned out efficiently. A savings of 400 million passenger-hours per year in the speed alone!

Taking all the assessments into account, it turns out that the alternatives are roughly equal in expenditures, whether we build the VSD or develop by the traditional method. A followup of overall efficiency has shown that differentiated rates are needed. If we set them no higher than those for aircraft, we will cover the expenses for this line in 17 years when the standard is 20, and we will cover them in 8 years if we take the social gain and development of the social sphere into account.

#### Moderate Optimism

[Golubev] The [State] Committee for Science and Technology did not begin concerning itself with the VSD today. The government adopted the decision, and it has this right, to put the problem within the framework of a national program. There are 14 such programs. Why have the GKNT, the USSR Academy of Sciences, and the Gosplan been supporting it? Unfortunately, we are coming to a dead end. In 10 years, according to forecasts, the passenger flows and freight flows are expected to increase by 20 to 25 percent. It is already clear today that the construction of 2,300 kilometers of lines from Leningrad to Moscow to the South, through a region which holds roughly 100 million people, a third of the country's population, is economically efficient.

Concepts exist. We are aware that there should also be a detailed analysis. The Gosplan has already reviewed one technical-economic substantiation and called at the Ministry of Railways. This was before it acquired the status of a scientific-technical program. The GKNT financed the work on a scientific plan in 1989 which makes it possible to draft a technical plan. Everything that will be involved in the solution of these problems will be selected on a competitive basis. The rolling stock is one of the most difficult problems which the specialists have encountered. Involvement of the highest potential based on the conversion will make it possible to develop the rolling stock in 5 years, perhaps even sooner.

The VSD resolves three aspects: speed, safety, and comfort. Later on the tickets will not become a problem either, and there will be no torment on the trains. For this reason, we are moderately optimistic in this matter.

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"No one is maintaining that we do not need the VSD," said V. Tetenov, chairman of the USSR Supreme Soviet's commission, in summing up the lively discussion. "Only the periods of time and the amounts of the capital investments need to be determined."

And in his opinion, they are as follows: continue the research efforts up to 1995 and begin construction in the next 5-year period. In addition, the committee intends to submit the plan to the Supreme Soviet for discussion. We cannot help but note that debates have been taking place outside of the departments concerned and with open doors.

This is a sign of the times. Hence it is to be hoped that glasnost will reveal the true state of affairs and that it will help to avoid the major errors and omissions which you and we as taxpayers have to pay for. After all, there have already been hasty assertions that the superexpress will be on the tracks in the next five-year plan.

We are fed up with such promises and we cannot pin our hopes any more on the publicity statements of the VSD supporters for this reason. It will be no less expensive to carry out than the BAM [Baykal-Amur Mainline], and before the end of the century it will cost twice what was spent to remove the effects of the Chernobyl disaster in the Ukraine. We should be clearly aware of all this.

Finally, the mainline will pass through the chernozem regions. After adoption of the Laws on Land and Property, there will be real owners of the land resources taken away and real prices for them. We have not run into this before. But now we have to take it into account. The cost of construction will change. Has this been taken into consideration?

It is also quite possible that other surprises will come to light with a more thorough analysis by experts and the involvement of the widest possible range of independent specialists. It cannot be done otherwise.

Today, in leaving aside pride and unsatisfied conceit, we must frankly ask: are the arguments "for" sufficient, and what is the need for a supermainline—this diamond in the tatters of our economy?

## MARITIME AND RIVER FLEETS

### Changes in Maritime Fleet Following Disasters Detailed

904H0166A Moscow TRUD in Russian 25 Mar 90 p 2

[Interview with Yuriy Aleksandrovich Mikhaylov, deputy minister of the Ministry of the Maritime Fleet, by A. Kurbatov: "We Will Restore the Maritime Fleet's Good Name"]

[Text] Moscow—The prestige of our maritime fleet has always been very high, both at home and abroad. In 1986 the situation changed. After a series of disasters and accidents a powerful wave of criticism came down on the fleet. It was as if the numerous problems that had accumulated in the fleet over the years of stagnation had exploded. What is being changed in the fleet? We discussed this with Yuriy Aleksandrovich Mikhaylov, the deputy minister of the USSR Ministry of the Maritime Fleet.

[Mikhaylov] A great deal is being changed. But I will not begin with this. I will return to that tragic year. We deserved the most severe criticisms and interpreted them as our due. If you remember, the seamen did not make excuses, although the reproaches in many publications were not always "about" them, all the same. By replacing kindness with anger and the enthusiasm of the

past with resounding slaps in the face, certain journalists began "putting on the squeeze," as they say. But we do not bear a grudge, we had to correct the dangerous list. Many of our navigation safety requirements have become more stringent than international requirements. In order to raise the level of discipline in the fleet, we resolutely parted ways with the persons who were undisciplined and incompetent. In general, it seems to me, the major disasters of the past—Chernobyl, the wreck of the diesel ship Mikhail Lermontov and the steamship Admiral Nakhimov, the fire on the diesel ship Turkmeniya, the methane explosions in the Donbass mines, the falling aircraft, the exploding gas pipelines, the trains being derailed—all these are accidents of the same type. They took place because of our staggering lack of concern, which has become almost a feature of the national character. So we have very likely "sailed through" everything, as the seamen say...

[Kurbatov] Yuriy Aleksandrovich, I will not dispute this, but let us return to the fleet's problems. In order to attract persons to work at sea and keep the good specialists, we must create the conditions for them not only at work, but for life on shore as well. Unfortunately, seamen's social problems have been handled extremely unsatisfactorily for many years...

[Mikhaylov] We have been fairly criticized for this. There are over 75,000 persons in the sector now who are waiting for an apartment. An average of every fifth employee. In order to resolve the housing problem by the year 2000, we need to build 153,000 new apartments. But we need to substantially renovate and modernize the production capacities of the sector's construction subunits for this.

Contracts have been concluded this year with foreign firms for the delivery of three brick plants. We are purchasing lines to produce sanitary engineering equipment, facing tiles, and other equipment in short supply.

However, we desperately need the help of contracting construction organizations. There are more than 800 million rubles in the accounts of the country's shipping companies which seamen cannot make use of to solve their social problems. There is nothing to buy with this money, and no one will take it for a contract.

[Kurbatov] Yuriy Aleksandrovich, in one of the articles on the fleet it was stated that seamen have been forced to sell things in secondhand markets which they purchased abroad because of their poverty. Generally speaking, what do the seamen receive for their work, and is their wage system being changed?

[Mikhaylov] Seamen's wages are still low. But we have to take into account here that food and services are free in the fleet, of course. And quite a lot has already been done: seamen are receiving 35 percent over their hourly rate for night work, for example. Rates and salaries have been increased by an average 16 to 20 percent, and up to 40 percent for individual work categories. A new system of bonuses has been introduced for high production

indicators. There are also new tariffs in freight handling operations: they have been increased by an average 20 percent. The foreign currency payment for voyages abroad has been increased from 22 to 33 percent of the salary. So we have been able to improve the seamen's financial situation, though not enough to consider it a closed matter.

We have gone to the directive organs with a number of proposals: we are pressing to obtain 26 working days of leave for seamen and pensions for seagoing personnel and longshoremen-machine operators at age 55...

[Kurbatov] It is as if we have two fleets: one working in the country, and another one which is privileged and abroad. One group has more problems and the other group has considerably less. Are the boundaries between the "black" fleet and the "white" one being erased?

[Mikhaylov] I have already mentioned the rates and tariffs. I will say this about the food: scientifically substantiated norms for the food ration, which are identical for coastal shipping and foreign navigation, have been sent to all the shipping companies. We recommend that they be introduced with the shipping company's own funds. I think the menu for all seamen will become more varied in the near future because we have begun in earnest to develop subsidiary farms. The ministry has allocated 65 million rubles, 25 million of this in foreign exchange, to the country's shipping companies for this.

[Kurbatov] The public did not know everything about the fleet before. We thought it to be more for show. Glasnost provided the opportunity to mention many things. And we have been surprised by certain procedures in the fleet. The "public" customhouses, for example... Do they still exist?

[Mikhaylov] First let us recall what led to them. Complaints by the same public. I was very sorry to hear seamen openly refer to some persons as black-marketiers, for example. And all because "imports" get into the secondhand markets right here, through secondhand dealers, and are sold off to those who crave something "from there."

But the problem has not disappeared because administrative organs have substituted pseudoenergetic swoops for educational work with ship crews. Hence the public customhouses—"well, just turn your suitcase inside out for the people!" And the humiliating accounts—"Describe where, when, why, and from whom you purchased this." And the preliminary "examinations" which essentially had become illegal searches of seamen approaching their home port from abroad.

We were convinced that there was not much sense in all this, and we decided to break down the old system. In February 1989, the decision was made to democratize the customs inspection; it should now be handled more quickly, based on the principles of mutual trust. We will extend the experience from an experiment now being

conducted in the Murmansk, Far Eastern, and Northern Shipping Companies in all shipping companies: control based on the principles of a collective guarantee to adhere to customs regulations.

[Kurbatov] Do you think you are reeducating everyone with this trust?

[Mikhaylov] Seamen are not children; they will be able to conduct themselves on vessels in an exemplary manner. And later on we will be approaching the selection of personnel for the fleet in a strict manner. And the seamen themselves will also speak with authority here—it is better for them to know who they are sailing with and the ones that they should not be sailing with.

[Kurbatov] Yuriy Aleksandrovich, I remember how our fellow journalist went into the "eternal" topic of women and the sea. Everyone was indignant that the seamen are not allowed to work together with their wives. Is the ministry treating family men badly as before?

[Mikhaylov] We have already resolved this problem, after learning the opinion of the seamen themselves. The ministry and the Maritime and River Fleet Workers Trade Union Central Committee have authorized married couples to work together on passenger and transport

vessels of the maritime fleet. Taking the living accommodations and other conditions on the vessel into account, of course.

After considering the seamen's request, a long-standing problem has been resolved—departure with their wives on trips abroad.

[Kurbatov] Previously the sum of 2 kopecks per day was allocated for each seaman on foreign trips for cultural and educational activity. A ridiculous sum; even after saving up for a month or two it was impossible to buy a ticket to any zoo overseas. I know that the ministry has asked directive organs to increase this amount to at least 15 kopecks. How much have you received?

[Mikhaylov] They added 4 kopecks for us. We were able to do something ourselves as well: we have authorized video recorders, athletic equipment and uniforms to be purchased as ship property for the seamen.

[Kurbatov] Yuriy Aleksandrovich, we have not touched upon all the problems that were raised in the press at one time, of course. There will be further discussion of them. What would you like to say to conclude our conversation?

[Mikhaylov] Very little: we will continue to work, without sparing our effort, to restore the fleet's good name.

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